GOVERNMENT AND CO-OPERATIVE SUGAR FACTORIES

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N. R. INAMDAR

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PREFACE

In order to provide some material for promoting the study of Public Administration, the Maharashtra Regional Branch of the Indian Institute of Public Administration decided in 1960 to prepare monographs on certain selected subjects. In pursuance of this scheme, the Branch brought out in 1962 a brochure on "Organisation of Elections to Union and State Legislature in India".

The present brochure under the same scheme deals with the establishment of co-operative sugar factories in Maharashtra with special reference to role played by Government in their promotion and development. The brochure has been prepared by Dr. N. R. Inamdar of the Department of Politics and Public Administration, University of Poona. He has taken considerable pains to get first hand information by visits, discussions and inspection of records. For the accuracy of the data contained in the publication as well as the opinions expressed therein the responsibility is that of Dr. Inamdar.

It is hoped that this study of Government and co-operative sugar factories in Maharashtra would be of general interest and would contain some lessons for the promotion of other co-operative enterprises.

The thanks of the Maharashtra Regional Branch are due to Dr. N. R. Inamdar for undertaking this work and to Kumari K. K. Sobati, Assistant Registrar in the office of the Registrar of Cooperative Societies for assisting Dr. Inamdar. Shri P. D. Kasbekar and Shri G. H. Lalwani formerly Joint Registrars of Co-operative Societies in charge of Sugar Factories in Maharashtra have been good enough to go through the draft and have made valuable suggestions. The thanks of the Branch are due to them and to the Indian Institute of Public Administration for financing the project.

N. S. Pardasani
Honorary Secretary
Indian Institute of
Public Administration
(Maharashtra Regional Branch)

March 1964
Bombay

AUTHOR'S NOTE

The writing of the Monograph on 'Government and Co-operative Sugar Factories' was undertaken by me under the auspices of the Indian Institute of Public Administration, Maharashtra Regional Branch. The co-operative movement for the establishment of sugar factories in Maharashtra has achieved admirable success during the last fifteen years. This monograph attempts to analyse the role of the Government in the promotion and development of these factories. In selecting this particular aspect of the establishment of co-operative sugar factories, it is not intended to belittle by any means the significance of the democratic and autonomous aspects of the movement which may deserve a more detailed treatment in a separate monograph. I have analysed the scheme of the co-operative sugar factories as it has evolved in erstwhile Bombay State and in Maharashtra State since the bifurcation of the State of Bombay in May 1960.

The constant encouragement by Shri N. S. Pardasani, Honorary Secretary of the Indian Institute of Public Administration, Maharashtra Branch, enthused me to undertake and complete the monograph. I express my hearty thanks to him. I am also very thankful to Prof. V. K. N. Menon, Director of the Indian Institute of Public Administration, for his keen interest in the work.

I thank Shri P. D. Kasbekar and Shri G. H. Lalvani who, as Joint Registrars were in charge of the co-operative sugar factories during the years 1960-62 when my investigation was conducted. I could draw upon Shri Kasbekar's experience in the field through discussions with him on the scope of the monograph. I would like to make a special mention of the assistance rendered by Miss K. K. Sobati of the office of the Registrar of Cooperative Societies in this investigation, and would like to express my sincere appreciation for her work.

For friendly interest in the Monograph I owe a great deal to Prof. S. V. Kogekar, Prof. D. K. Garde and Dr. R. G. Kadade.

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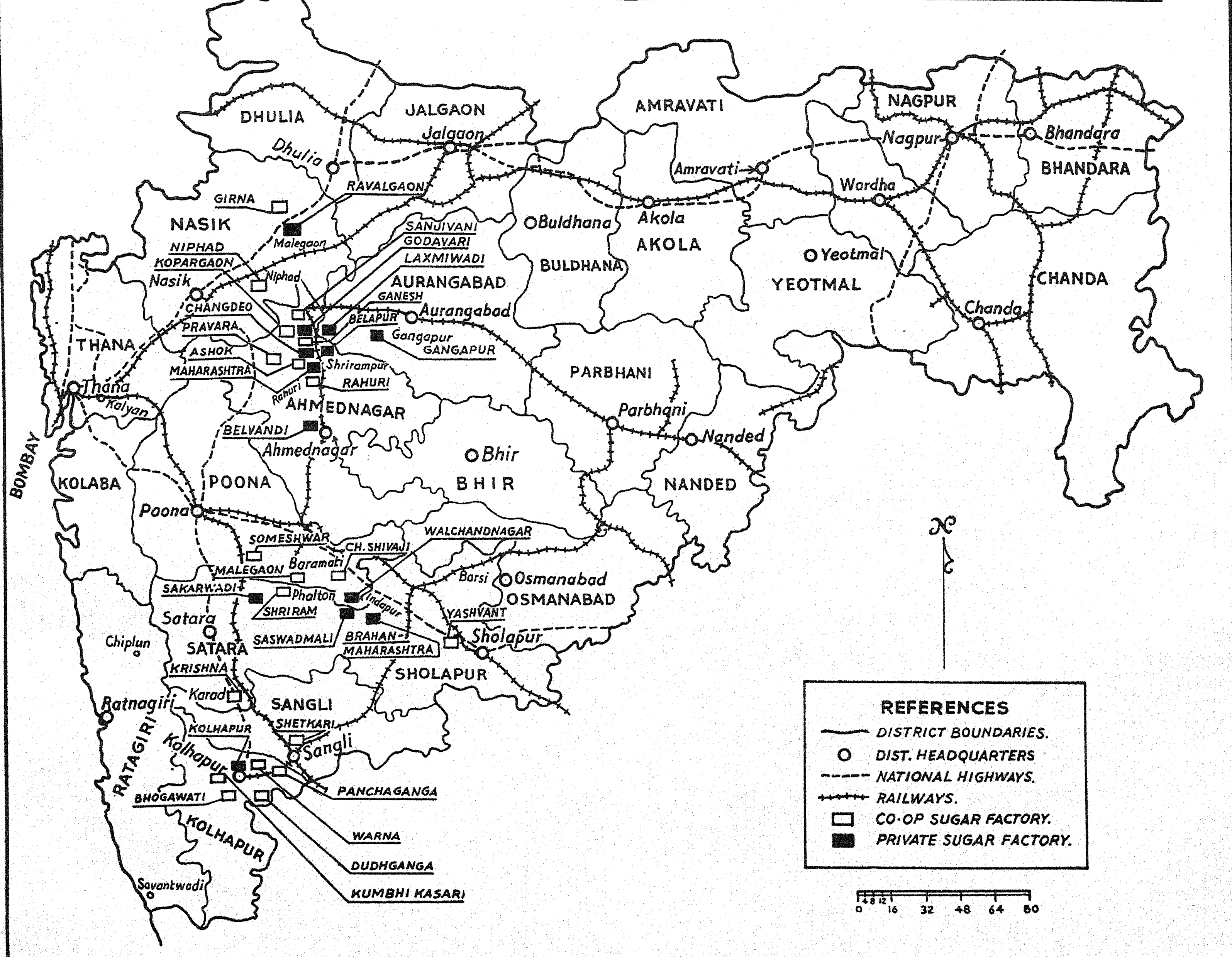
N. R. Inamdar

CONTENTS

MAHARASHTRA SUGAR INDUSTRY



CHAPTER I

THE ORIGIN OF THE SCHEME

Sugar Co-operatives before Pravara

The involvement of the Government in the co-operative sugar factories on a large scale began in 1954. But the idea of co-operative sugar factories was not unknown before 1954. In fact the launching of the scheme of co-operative sugar factories in that year can be directly traced to the success of the idea at Pravaranagar in the then Bombay State during 1948-54. Even before 1948, the co-operative sugar factories were set up in the United Provinces and the Madras Province during the thirtys. But only one of the four such co-operative sugar factories survived after Independence to demonstrate, as it were, the viability of the institution of co-operatives in the field of the sugar industry. Between 1933 and 1935 four co-operative sugar factories were established. One of them was located in the United Provinces at Biswan and the remaining three were at Thummpala, Etikoppaka and Vuyyuru, now included in Andhra Pradesh. The factory at Vuyyuru was worth the name, having a capacity of 800 tons,* while the others were on a small scale, having 50 to 150 tons of crushing capacity. The only factory that could survive after Independence was the one at Etikoppaka. This surviving sugar factory does not seem to have inspired the Scheme of the Co-operative Sugar Factories that was launched in 1954. The credit for the scheme should go to the Pravaranagar Co-operative Sugar Factory established in 1948 .

Boom during the Second World War

The idea of the co-operative sugar factory gathered momentum immediately after the Second World War in the district of Ahmednagar in the then Bombay State. The Ahmednagar district was fortunate in securing irrigation facilities before the First World War. The district was lagging behind in agricultural production due to famine conditions but the irrigation facilities took quite some time to change the face of the district. The boom in the prices of agricultural commodities during the First World War gave a fillip to the agricultural activities in the district. The bagayatdars (the

farmers of irrigated lands) from the neighbouring districts immigrated into the Ahmednagar district and took on lease the irrigated lands which could not be properly looked after by the owner-farmers in the district on account of the unremunerative prices of the agricultural commodities and the lack of adequate capital resources to cultivate the lands under irrigation. Even then the irrigation rates were found rather too high by the indigenous and the immigrant farmers to be able to give sustained attention to the cultivation of the irrigated lands. The Government had to pursue a deliberate policy of lower irrigation rates in order to attract the sustained attention of the farmers in this area. The Government also struck upon the policy of encouraging the industrialists to open sugar factories in this area so that the Government could secure sufficient return on the investment made in the canals. This policy could attract the bagayatdars from neighbouring districts and also the industrialists from developed areas. But this had a pernicious effect on the economy of the area. The local owner-farmers were deprived of the fruits of irrigation because they gave their lands on long leases to the immigrant farmers and the factory-owners. The region as a whole could not develop because the bulk of the people had to depend on outside element which throve on the strength of the resources they possessed which the local farmers woefully lacked. The policy of discriminating protection given to the sugar industry encouraged the rise of an increasing number of sugar factories in this area. During the Second World War, the immigrant farmers and the factory-owners reaped a huge harvest of the investments they had made in the irrigated tract in this area. The local owner-farmers naturally thought that they could also attain some degree of prosperity, if they could pool together financial resources which they individually possessed. There was also a fear lurking in the minds of the local farmers that if they did not take advantage of the situation after the war, they would be permanently reduced to the status of labourers in the factories owned by the foreign element. A hope also persisted in their minds that if they could make a success of a co-operative venture in the sugar industry, they would be able to persuade Government to extend irrigation facilities and in this way would be able to develop their resources. These conditions prevailing immediately after the Second World War were responsible for the fruition of the idea of the co-operative sugar factory in Ahmednagar district.

Role of the Co-operatives Bank

The local farmers round about Belapur Road in Ahmed-

co-operative by the local officials of the Bombay Provincial Co-operative Bank. The officials of the Bombay Provincial Co-operative Bank knew the intrinsic sound base existing in this area for a viable sugar co-operative. The sound co-operative credit system prevailing in this area was successfully piloted by the officials of the Bombay Provincial Co-operative Bank. These officials encouraged the local farmers to moot the idea of a co-operative sugar factory in this area. They held a conference of the local farmers at Belapur Road on 17 December, 1945, under the presidentship of Professor D. R. Gadgil, the veteran economist of Poona. The result of the conference at Belapur Road was that the bagayatdars sent five applications for co-operative sugar factories to the Government of Bombay.

The Conference in Bombay

The conference was based on a firm belief that the farmers were now in a position to collect the necessary share capital for the co-operative sugar factory and manage it successfully. They could derive hope from the successful working of the private sugar factories in the area. They relied on the assistance of technical experts and the positive encouragement of the Government. The conference pointed out that there were 154 sugar factories in the country with an output of 13 lakh tons while actually 16 lakh tons were required for consumption. The conference proposed that out of the 40 odd sugar factories needed for the whole country 10 to 15 factories should be allotted to the Bombay Province because the total consumption of sugar in the Province was much higher than in any other province. They entertained a fervent hope that the factories would prove to be an economic proposition and, in the long run, also beneficial to the people in general, and the farmers in particular. All these considerations were put forward in the Draft Scheme of the Co-operative Sugar Factories prepared by the conference in 1946. The Draft Scheme proposed that Government should convert the existing private factories into co-operative ones and should hand over the lands rented on lease by the private factories to the owner-farmers, but that Government should purchase the sugarcane from the farmers at a price to be determined by a committee of agriculturists, factory-owners and Government.

The Scheme

The aims and objects of the Scheme of the Co-operative Sugar Factories mooted by this conference could be described

in the words of the Draft prepared by the conference itself: "The underlying idea of the whole Scheme is to keep the agriculturists masters of their own lands, to make them use their hereditary skill and long-standing experience and increase the general production of agriculture, to raise their standard of living, to satisfy the growing needs of the country and to increase the national wealth." The conference was not content with the adumbration of the aims and objects of co-operative sugar factories. The conference also framed, in detail, the bye-laws of the sugar co-operative. The Scheme of the Co-operative Factories, as formulated by the conference, bore a close resemblance to the Scheme of the Co-operative Sugar Factory later on adopted at Loni (later renamed as) Pravaranagar. The resemblance was in evidence in respect of:

(1) explicit permission to be had from the management of the factory for the transfer of shares;

(2) compulsory contribution of deposits by the members of the factory;

(3) appointment of Government nominees on the managing committee of the factory; and

(4) government nomination of the board for the first three years of the existence of the factory.

The Scheme mooted by the conference showed difference from the Scheme later on adopted at Loni (Pravaranagar) in the following respects:—

The conference proposed to allow shares to the tenant-cultivators in the area which the Pravaranagar Scheme did not follow. The Draft Scheme prepared by the conference proposed to borrow loans in the form of debentures from the non-members. This also was not pursued by the Pravara Co-operative Sugar Factory. Otherwise, in several details, as for example the obligation of the members to follow the directions laid down by the factory regarding cultivation, the Loni (Pravaranagar) Scheme closely followed the Draft Scheme prepared by the Deccan Canals Bagayatdars' Conference held at Belapur Road in December 1945. The Pravara Co-operative Sugar Factory was not required to support its borrowings by the Government guarantee as envisaged by the Draft Scheme. The Draft Scheme proposed to reserve a major portion of profit for research in agricultural practices, for floating subsidiary industries and providing amenities of modern life to the workers of the factory and the local farmers. The conference claimed special advantages for the proposed co-operative sugar factory over the private factories, viz. that the co-operative would not be required to invest large amounts in agricultural

lands and their cultivation and development and also that the members of the factory would already have one-sixth of the total land under cultivation within the jurisdiction of the factory.

The Idea of Pravara Sugar Co-operative Became a Reality

The Draft Scheme prepared by the Deccan Canals Bagayatdars' Conference at Belapur Road would have remained a dead letter but for the enthusiastic and active pursuit of the Draft Scheme by the local farmers and the officials of the Provincial Co-operative Bank. The Manager of the Bombay Provincial Co-operative Bank toured the whole area to examine the feasibility of the Draft Scheme. The local farmers and these Bank officials did not rest content with this. They discussed the Draft Scheme with the then Minister of Co-operation who himself happened to be a co-operator of long standing. The Minister of co-operation was convinced of the worthwhileness of this scheme of the co-operative sugar factories. The local farmers began collections for the share capital of the proposed co-operative sugar factory and by 1947 they collected a sum of Rs. 2 lakhs which was not a little sum considering the condition of the farmers in that area. They could persuade the economist of the stature, experience and sincerity of Professor D. R. Gadgil to accept the promotership of the proposed co-operative sugar factory. Even then the proposed sugar co-operative would not have been able to see the light of the day but for the coincidence of three factors. The idea of a sugar co-operative had already been explained to the then Finance and Co-operation Minister of the Bombay State. He was convinced of the viability of the sugar co-operative not only because of his innate faith in the worthwhileness of co-operative institutions in the vital sector of processing of agricultural commodities, but also the persuasive efforts of the State Co-operative Bank and the then Registrar of Co-operative Societies in this behalf. On account of the sympathetic attitude of the then Finance and Co-operation Minister towards the proposed sugar co-operative, the Bombay Government agreed to contribute Rs. 6 lakhs towards the share capital of the proposed co-operative sugar factory. Further, the Industrial Finance Corporation, of which Professor D. R. Gadgil, the promoter of the sugar co-operative, was a director, consented to advance a loan of Rs. 20 lakhs to the proposed co-operative sugar factory. The willingness of the State Government and the Industrial Finance Corporation to bear the brunt of the financial responsibility involved in floating the co-operative sugar factory was the most crucial factor in the success of the proposed Sugar Co-

operative at Pravaranagar. Even then pending the realisation of the loan to be advanced by the Industrial Finance Corporation, intermediate financial accommodation was required and the State Co-operative Bank without hesitation proposed to accommodate the factory during the inevitable interval. The Scheme of the Pravara Co-operative Sugar Factory got going by the close of 1949. On 14 December, 1948 the Bombay Government sanctioned registration of the Big Bagaitdars' (Paravara) Co-operative Sugar Factory and on 31st of that month the co-operative factory was actually registered. On account of the hard work of the Managing Committee, Government officials and the technical experts the Pravara Co-operative Sugar Factory, which was then called the Bagayatdars' Co-operative Sugar Producers' Society Limited at Loni, could bring out the first bag of sugar on 31st December 1950. So the idea of the first co-operative sugar factory after Independence became a reality within a period of five years from its conception.

Progress of Pravara

The Pravara Co-operative Sugar Factory gathered strength within a short period of five years. By 1955, it had not only formally established itself but had also wanted to expand the plant of 450 tons set in 1950, which very soon fell short of the growing expectations and needs of the farmers within the area of the Pravara Factory. By 1955, they were in a position to ask for an expanded plant of 1500 tons. The Pravara Co-operative Sugar Factory was not only financially a viable institution but as a co-operative also it proved to be an efficient, prudent and enlightened enterprise. It thus presented an inspiring example not only to the Bombay State but also to the country. It set the tone of the development of the sugar industry from 1954 onwards. It is worthwhile quoting a few salient figures in regard to the achievements of the Pravara Co-operative Sugar Factory in 1954-55. To start with, the factory served an area of 14 villages. It had on its roll 604 members of whom 567 were producer-members, 22 ordinary and 15 nominal. By 1954, fresh demands for shares were forthcoming from more then 1,000 farmers. The paid-up capital of the factory was Rs. 16,57,800 which included the redeemable share capital of Rs. 6 lakhs contributed by the Bombay Government. The Bombay State Co-operative Bank had advanced a credit of Rs. 19 lakhs. In 1954-55, the acreage under crushed sugarcane was 1,750 acres. The acreage in 1950, i.e. during the first year of the factory, was 781 acres. In 1954-55, 84,535 tons of sugarcane were crushed which worked out at 48.9 tons of

yield per acre. The output of sugar was 92,531 bags and the recovery was 11.06 per cent. The credit advanced to the members amounted to Rs. 4,85,382 for fertilizers, Rs. 20,690 for wells and a cash-credit of Rs. 1,63,743. The factory constructed 115 miles of roads in the area and had undertaken the building of an approach road of 1½ miles. The factory could produce better varieties of sugar like 29 E, 29 D and so on by 1954. It could boast of a primary school, which did not exist before, serving 362 pupils, a high school of 250 pupils, telephone connections and postal facilities.

Pravara Set a Pattern

The Pravara Co-operative Sugar Factory was thus a pilot experiment which proved its worth and which the country thought worthwhile to emulate. As a well-thought and well-worked out pilot project, the Pravara Co-operative Sugar Factory distinguished itself from the later co-operative sugar factories launched in 1954 in Bombay State and in other States in the country. Its financial management was scrupulous and its functioning was efficient. Its impact on the local agricultural and the regional social set up was exemplary and it could avoid severe and close Government control because of its self-reliant and viable character. The Pravara Co-operative Sugar Factory, however, set a pattern in several respects before the several co-operative sugar factories that came into being after 1954. We have an occasion to relate these details in the following chapter. But for the Pravara Co-operative Sugar Factory, the Scheme of the Co-operative Sugar Factories launched on a large scale in 1954 would have remained in the files of the Government.

CHAPTER II

THE OUTLINE OF THE SCHEME

Government's Role

The Pravara venture, though encouraged by Government's active and positive support, was not solely dependent for inspiration on the Government. It had arisen out of a movement which had a strong foundation in the people's will. Without Government's active participation and positive support, the Pravara Co-operative Sugar Factory, as we have already seen, would not have been a reality, but the intrinsic strength of the Pravara enterprise lay in its voluntary character. The Government's role in the success of the Pravara venture was concerned with the participation in the share capital, the recommendation and the inarticulate support for the medium term loan extended by the Bombay Provincial Co-operative Bank. The Government was also closely connected with the efforts to secure the plant from abroad. The voluntariness of the Pravara Co-operative Sugar Factory consisted in the amount of the share capital collected by the farmer-owners of the area.

Government Announcement of "The Scheme"

The large-scale movement of the co-operative sugar factories that was launched in 1954 had its origin in the decision of the Planning Commission to increase the output of the sugar industry in order to cater to the increasing consumption of sugar in the country. The immediate target for the increase in sugar tonnage was 5.5 lakhs. The Planning Commission had indicated its preference for "processing plants owned and managed by co-operative societies", supported by the State through grants of licences and other ways. Thus, when in 1954 the Government of India decided to call for applications for licences to set up plants for the manufacture of sugar, the Bombay Government in turn asked the public to apply for licences to set up factories for sugar manufacture or for expansion of existing plants. The Bombay Government had already decided in favour of co-operative institutions for consideration in this behalf. The Press Note issued by the Bombay Government on 12 June 1954 stated that the Government had already executed a rapid survey of the areas where adequate cane-supply was available and where there was a

possibility to support economic units for the manufacture of sugar in order to enable a systematic utilisation of cane areas in the State. Because the Press Note had not prohibited private persons or concerns to apply for these licences, there was a good number of applications from the private individuals and concerns all over the country. The same Press Note of course had mentioned that the Government of Bombay would like to establish sugar factories on co-operative basis at suitable places and that Government was feady to participate in the share capital of these societies. The Government had publicized twelve areas in the Deccan Canal tract that were found suitable for the establishment of these sugar factories. (See Appendix I.) They were as follows:—

1. Korhale Bk.
2. Malegaon Bk.
3. Sansar
4. Ambi
5. Karegaon
6. Rahata
7. Takali
8. Dhanduri
9. In (i) Shirol, (ii) Karvir, (iii) Hatkanangale, (iv) Kagal talukas
10. In (i) Panhala, (ii) Shahuwadi, (iii) Bavade (Mahal) talukas
11. In (i) Kagal, (ii) Karvir, (iii) Radhanagari, (iv) Budhargad talukas
12. In (i) Belgaum, (ii) Khanapur, (iii) Bailhongal talukas.

The districtwise breakdown of these twelve proposed areas was as follows:—

Poona District	—	3
Ahmednagar District	—	4
Nasik District	—	1
Kolhapur District	—	3
Belgaum District	—	1

The areas in the Poona district were situated on the Nira Left Bank Canal and those in the Ahmednagar district on the Pravara Right Bank Canal and the Godavari Right and Left Banks Canal. The rest of the areas were not situated on any of the existing irrigation canals. They were fed on the lift and well irrigation.

Popular Enthusiasm

The Government's preliminary efforts in 1954 when this large-scale scheme was launched were directed at creation

of enthusiasm in the public mind regarding the feasibility and the immediate possibility of sugar factories in well-defined areas which were assured of secure supply of water and the necessary quantity of sugarcane. The demarcation of defined areas in the Province in which the Government was interested to encourage the formation of sugar factories, in the first instance, was not enough. It was necessary for the fructification of the scheme that the people in these areas came forward with definite plans for the formation of co-operative societies. For this the people had to muster adequate financial resources to be able to contribute to the share capital of the proposed co-operative societies. The State Government, therefore, thought it necessary to advise the co-operative officials in the State to activise the people in the declared areas in the direction of forming the required co-operative societies. The necessary initiative in this respect was taken in some areas by the District Development Board presided over by the Collector, by the co-operative institutions and the District Congress Committees in still others. The Assistant Registrars of Co-operative Societies were to assure themselves and the Government, while sending the applications of the public, that the areas concerned from which the applications were sent possessed an adequate supply of sugarcane and that the people were in a position to collect the necessary share capital for the purpose. The exact location and the alignment of the jurisdiction of the factories was to be determined by the Government later. The last date for reaching these applications was in the middle of July 1954 but the Government had to extend this last date for want of adequately documented applications by that date. The Provincial Co-operative Bank and the co-operative institutions had taken a very keen and close interest in the preparation for sending these applications.

Three Elements of the Structure of Sugar Co-operatives

The outlines of the scheme of the co-operative sugar factories proposed to be formed in the State were suggested by the structure of the Pravara Co-operative Sugar Factory. The utility of the Pravara Co-operative Sugar Factory was evident in 1954, when this large-scale scheme was launched. There were three main elements in regard to the structure of the co-operative sugar factories. Firstly, the respective roles of the Government, the Industrial Finance Corporation, the Central Financing Agency and the public had to be made clear in regard to the formation of the necessary share capital and the other capital needed for floating the co-operative sugar factories. Secondly, the composition of the Board of

Directors and the Executive Committee thereof had to be clarified with special reference to the role of the Government nominees and the representatives of the financing agencies, viz. the Industrial Finance Corporation and the Central Financing Agency, on the Board. While clarifying the composition of the Board of Directors, the proportionate strength of the different categories of members of the co-operative factories had to be brought out. Thirdly, the position of the co-operative sugar factory vis-a-vis the members of the factory and the non-member cultivators in the pursuit of their cane-growing activities and the supply of cane to the co-operative factory had to be definitely stated. The Pravara Co-operative Sugar Factory had made the position in regard to these three elements quite clear. The main difference between the structure of arrangements in 1948-49 and in 1954 was with regard to the size of operations undertaken by the Government.

The Ministers' Committee

The State Government devised a Ministers' Committee at the State Headquarters level to iron out the difficulties and problems faced by the proposed co-operative sugar factories. The State Government also created a special cell in the Secretariat to look after the day-to-day problems of the proposed co-operative sugar factories. The officials in the districts under the Registrar of Co-operative Societies helped this special cell in creating a proper ground for the floating of the co-operative sugar factories. The Ministers' Committee and the special cell in the Secretariat helped the Government in dealing with the Central Government, especially the Ministers of Food and Agriculture, Finance, Commerce and Industries, the Planning Commission and the Industrial Finance Corporation. The utility of the Ministers' Committee at the State Headquarters level cannot be overstressed. The Ministers' Committee was better informed, possessed stronger authority and could communicate with the institutions and the Departments in the State and at the Central Government with speed and quicker despatch. It was a high-powered body which could take decisions on its own, could see them through and could persuade the other authorities and institutions to accept those decisions. The Ministers' Committee consisted of the Ministers of Finance and Industries, Co-operation, Revenue, and Public Works, the non-officials like Professor D. R. Gadgil and Shri V. L. Mehta, the eminent co-operators in the State, the Managing Director of the State Co-operative Bank, the Director of Industries and the Registrar of Co-operative Societies. The Special Officer on Duty In-charge of

Co-operative Sugar Factories who formed the nucleus of the special cell in the Secretariat was also included in the Ministers' Committee. The Ministers' Committee was a special device adopted by the State Government to deal with the important development in the State embodied in the Scheme of Co-operative Sugar Factories. Until the reorganisation of the bilingual Bombay State in 1960 the composition of the Ministers' Committee, as detailed above, continued unchanged. After the reorganisation of the Bombay State the composition was changed a little with the Chief Minister figuring as the Chairman of the Committee. Apart from the organizational changes necessitated by the large-scale launching of the Scheme of Co-operative Sugar Factories in 1954, certain changes also presented themselves in regard to the formation and working of the co-operative sugar factories in the different areas of the State. As long as there was only one co-operative sugar factory, it had not to face any kind of competition with either the private factories or the sister co-operative units. In 1954, with the launching of a dozen co-operative sugar factories, the problems arising out of the overlapping of areas, of the private sugar factories and the co-operative factories, and also of the co-operative factories themselves, cropped up. There was also the most crucial problem of collecting the necessary share capital for these co-operative factories. The Ministers' Committee and the special cell in the Secretariat helped the Government to deal with these problems expeditiously and speedily.

Economic Size of Factories

The plants for the proposed co-operative sugar factories were to be of either 600 to 800 tons or 800 to 1,000 tons. It was decided by the State Government that the 450 ton unit set up at Pravaranagar was not of the economical size and, therefore, it should be of these bigger tonnages. The Government had calculated the required sugarcane acreage for a factory which would be able to feed the tonnage capacity contemplated by the Government. For 600 to 800 tons capacity-plant 2,400 acres of sugarcane were required and for 800 to 1,000 tons capacity-plant 3,000 acres of sugarcane were needed. These acreages were the actually cultivated acreages and excluded the acreage in reserve for rotation of cultivation.

Capital Requirements

The capital requirements were as follows: 15 lakhs of Rupees were to be subscribed by the farmers to the share

capital. 10 lakhs were proposed to be contributed to the share capital by the State Government and 40 lakhs were to be expected from the Industrial Finance Corporation as loan. In the course of time, on account of the rising prices of the foreign-imported plant and machinery, the capital requirements went up in cost and consequently the loan expected from the Industrial Finance Corporation and the help from the Central Financing Agency were estimated higher. 15 lakhs of Rupees that were to be raised by way of share capital were to be called in three instalments: out of the total value of a share of Rs. 1000, Rs. 125 were to be paid immediately after registration (i.e. with application for share), Rs. 375 before ordering the plant and machinery, and Rs. 250 before the factory started operations. The last instalment of Rs. 250 was to be kept in reserve as a contingent liability, pending the disbursement of the loan from the Industrial Finance Corporation. The Central Financing Agency was to accommodate the co-operative sugar factory. The Central Financing Agency had also to extend the necessary agricultural finance. It was not expected that the cost of the plant and machinery would be required to be paid entirely when the order was placed. 10 per cent of the cost was to be remitted on placing the order, 65 per cent on trans-shipment, 10 per cent when the factory started operations and the remaining 15 per cent in three equal instalments after the beginning of the operations of the factory. The realisation of the people's contribution to the share capital of the factory was to be as follows: Rs. 5 lakhs before the machinery was ordered and after the licence was obtained, Rs. 10 lakhs (including the first lot) before the plant was set up and a total of Rs. 15 lakhs before the final operations started. Provision was made in the bye-laws of the co-operative sugar factories for the compulsory contribution to the non-refundable deposits to be paid by the members to finance the repayment of the loans raised for block capital.

Membership and Board of Directors

The Government contemplated three categories of members of the co-operative sugar factories. The producer-members were, of course, to be the main bulk of the membership. The 'ordinary' membership was reserved for the other co-operative institutions like the co-operative credit societies, co-operative marketing societies, and so on, in the area, while the 'nominal' membership was devised for the contractors and other persons connected with the factories, for the convenience of the operations of the factories (viz. to obviate filing of the disputes with the courts of law). The Government devised representa-

tion on the Board of Directors for itself, for the Industrial Finance Corporation and for the Central Financing Agency, as a kind of guarantee of the proper utilisation of the huge financial investment made by these authorities. In the circumstances in which the co-operative sugar factories were launched in 1954, there was perfect justification for this official representation on the Board of Directors of the co-operative sugar factories. It could have been argued that this militated against the genuinely democratic character of these new institutions. But the financial stakes involved in these institutions were too important and too big to be left unsecured. The expectations of the general public from these co-operative ventures were also very high, and in case the working of these co-operative ventures had gone wrong, the faith of the public in the viability and soundness of the co-operative institutions would have been affected. As among the different categories of members, representation was divided in the proportion of 6 : 2 for the producer and the ordinary members. The bye-laws of the co-operative sugar factories also ensured proper representation of the big and small farmers inter-se. The size of the Board of Directors was kept within a manageable proportion. The Managing Director who was to be appointed with the Government consent was also included in the Board of Directors in order to provide for quick and efficient handling of the day-to-day problems. An Executive Committee of five members was devised. It was also laid down that the Chairman of all the first nominated boards of the co-operative sugar factories should be outsiders having requisite knowledge and capacity to ensure an impartial handling of their operations. The first Board of Directors for the first three to five years was to be nominated by Government to allow for the proper constitution of the Body of Shareholders and also to obviate unnecessary complications arising out of factious elections. Every member was obliged to supply his cultivated sugarcane to the factory. A ceiling of 25 acres was also prescribed for the cultivation of sugarcane and its supply to the factory by a member. If needed, the factory was free to take cane produced in more than 25 acres by a member.

Some Obligations of the Sugar Co-operatives

For ensuring proper and efficient cultivation of sugarcane on scientific basis, it was laid down that every member ought to follow the directions of the co-operative sugar factory with regard to agricultural activities. This had a special significance in the context of the assurance by the factory to lift the cultivated sugarcane on the field and to transport it from

the field to the factory. This compelled the factory to arrange for the phased cultivation, harvesting and transport of sugarcane ex-field to the factory. The scope of directions by the factory to the cane-growers regarding cane cultivation varied from factory to factory. The Pravara Co-operative Sugar Factory was the model in this respect. The other co-operative factories were slow to do worthwhile in this respect. The factories were also obliged to impose a ceiling of 25 acres on the member's cultivation as far as his supply to the factory was concerned. The factories were under a moral obligation to create suitable conditions for the small cultivator members to improve their cultivation practices and expand their cane-acreage and also for the non-member small cultivators to enter the membership of the co-operative factories.

Problems Tackled by the Ministers' Committee

The Ministers' Committee was possessed of the important problems confronted by the Government in the process of the formation of the co-operative sugar factories. Before proceeding to pinpoint the problems with which the Ministers' Committee dealt it would be proper to mention the process through which the co-operative sugar factories had to go until the beginning of their manufacturing operations. The Ministers' Committee was continuously concerned with the scheme of the co-operative sugar factories, right from the preparation for the sending in of applications for licences to set up the manufacturing units till the beginning of sugar production and the conduct of operations of the factories for the first few seasons and the realisation of the first few instalments of the loans extended by the financing agencies and of the benefits of the processing of sugar to the members of the co-operative concerned. Thus, the Ministers' Committee handled various problems such as the collection of share capital by the members of the mooted co-operative sugar factories, the processing of applications for licences to set up sugar factories, the request to the Industrial Finance Corporation for loans to finance the purchase of manufacturing plants, the acquisition of the necessary import licences for the ordered machinery and plant from foreign countries, the arrangements for the medium term loans from the Central Financing Agency, the placing of orders as per specifications with foreign firms and the negotiations of prices of plants. The Ministers' Committee had to go through in detail with the proposal for the establishment of factories for the manufacture of sugar. Even though the broad alignment of the areas where the proposed co-operative sugar factories were to be situated had

already been determined by the Government, there was a great scope for variations in the exact demarcation of these areas. This demarcation had to be done in the light of the locations of the existing private sugar factories and of the proposed neighbouring co-operative units. The co-operative sugar factories had to obtain licences to set up the manufacturing units before they could speed up the collection of share capital. After the licences were obtained from the Ministry of Commerce and Industries whose Licensing Sub-Committee decided the grant of licences, the co-operative sugar factories accelerated the process of collecting share capital. In the meanwhile, the Industrial Finance Corporation was approached for the grant of loans for the purchase of the manufacturing plants, and until the Industrial Finance Corporation conceded the request for loans, the co-operative sugar factories did not move for the purchase of plants and machinery from abroad. GHH, BMA and Buckau Wolf from West Germany were the firms which offered to produce sugar-producing plants to the specifications. There were a great many hurdles to be crossed before the ordered plants and machinery reached the destination.

Until the loans sanctioned by the Industrial Finance Corporation were realised, the sugar factories had to obtain the necessary accommodation in the interval from the Bombay State Co-operative Bank. The Bombay State Co-operative Bank was also given guarantee for the medium term loans by the State Bank. The designing of the layout of the factories, the construction of civil works and the erection of the plants and machinery also presented difficulties.

Securing Personnel for the Factories

The procurement of the technical personnel was handled by the Federation of the Co-operative Sugar Factories that was sponsored by the State Co-operative Bank and the Ministers' Committee in consultation with the Sugar Technological Institute at Kanpur and the sugar factories in the country. For securing the administrative personnel the State Government came handy; the retired administrative officers and Army personnel and the tried technical hands from other sugar factories placed their services at the disposal of the co-operative sugar factories. The problems arising out of the relationship between the Government-approved Managing Director and the popular representatives on the Board of Directors, so also between the Government and the Board of Directors, were crucial. The success of the operations of the co-operative sugar factories depended upon happy relations between the Managing Directors and the farmers' representa-

tives on the Board of Directors. The starting of a number of co-operative and private sugar factories in the State and the country as a whole created attractive opportunities for the technical personnel. There was a tendency for the technical personnel to move from one factory to another in search of better employment opportunities and conditions of service. The factories were also faced with the problems of procurement of raw materials, fuel, water-supply, and so on.

Federation of Sugar Co-operatives

The Ministers' Committee and the Bombay State Co-operative Bank sponsored the establishment of the Federation of the Co-operative Sugar Factories, of which the co-operative units in the State became members. There was some kind of division of work between the Ministers' Committee and the Federation of Co-operative Sugar Factories. The Federation of the Co-operative Sugar Factories dealt with the common problems faced by the co-operative sugar factories such as the securing of services of administrative and the technical personnel, their scales of pay, the obtaining of advice on technical matters from the Sugar Institutes, the procurement of supplies of raw-materials, spare parts, iron and steel, cement and such other scarce materials.

Cane Price

The determination of the cane price was a very complicated issue faced by the co-operative sugar factories. The Ministers' Committee was possessed of this issue at the close of the crushing season every year. The private sugar factories had not to cope with this issue because they had either taken lands on leases or had to pay the fixed cane price to the cane-growers. The members of the co-operative sugar factories were under an obligation to supply sugarcane to the co-operative units and they had to accept the cane price which was the residual claimant on the proceeds of the co-operative sugar factories. The size of this residual claimant was determined after the working expenses, the repayment of instalments of loans, the reserves, the depreciation charges, the bonus, and the funds for research, development and education were decided upon by the co-operative sugar factories. The members of the co-operative sugar factories naturally expected a very high cane price; they compared the cane price which they got with the cane price offered by the private sugar factories to their cane-growers. The Ministers' Committee had to tackle this issue very carefully taking into consideration the long-term

interest of the co-operative sugar factories, the exigencies of the pressing demands by the financing agency and the interest of the State which ultimately stood as the bulwark to these co-operative concerns.

Preliminary and Ancillary Issues before the Ministers' Committee

Besides these problems with which the Ministers' Committee and the Federation of the Co-operative Sugar Factories had to deal, there were certain other preliminary and ancillary issues which the Ministers' Committee had to tackle. The Ministers' Committee had to take a decision with regard to the position of the private sugar factories vis-a-vis the proposed co-operative sugar factories in the context of their applications for licences to set up new manufacturing units or to expand existing ones. The Ministers' Committee had also to define its attitude in relation to various subsidiary issues regarding the share capital and the share-holders of the proposed co-operative sugar factories. They had to take a decision regarding the possibility of tapping resources of the Land Mortgage Banks of the State for loans to the members of the proposed co-operative sugar factories for contribution to the share capital. The problem of the tenants of the leased lands as well as that of the claimants for irrigation blocks were also before the Ministers' Committee.

Issue of Licences for Private Concerns

The Ministers' Committee decided once and for all that in the light of the policy of the State Government to support the co-operative institutions in the field of sugar manufacture, the private sugar factories should not be allowed to set up new plants or to expand the existing ones. They proposed instead that the existing private manufacturing units should be converted into co-operative units. When the private concerns argued for allocation of new cane areas, the Ministers' Committee met the argument by pointing out that the proposed co-operative units could very well be accommodated within those cane areas. So it was only in very rare cases that the Government of India decided to grant licences for the expansion of the existing units owned by private concerns. In the cases of private concerns whose applications for new licences were granted by the Government of India, the State Government ultimately took the stand that they would not guarantee the supply of adequate sugarcane to the private concerns. The example of the Ravalgaon Farms

was a case in point. The Ravalgaon Farms were granted a licence for the expansion of the existing unit of 850 tons per day to 1,200 tons per day. The grant of this licence was sanctioned by the Government of India inspite of the declining by the State Public Works Department of irrigation facilities to the area proposed to be brought within the jurisdiction of the Ravalgaon Farms. The State Government refused to assure cane supply on behalf of the farmers to the Ravalgaon Farms. The State Government insisted that the Ravalgaon Farms should enter into an agreement with the cane-growers to purchase their cane during the next five years at the price fixed by the Central Government. The cane-growers were to organize themselves into cane supply societies for this purpose as also for the State Government. The State Government and the Ministers' Committee were opposed to the grant of the licence for expansion to the Ravalgaon Farms because they feared that this would come in the way of the proposed co-operative sugar factory at Dabhadi. Similarly, the Ministers' Committee thought that the proposed Rahata Co-operative Sugar Factory would not come into existence, if the existing private sugar factories at Laxmiwadi and Sakarwadi were allowed to expand.

Subsidiary Issues

The subsidiary issues with which the Ministers' Committee dealt were:—

(i) What should be the basis of Government contribution to the share capital — should it be flat contribution or related to tonnage?

(ii) Whether the co-operative sugar factories should be allowed to issue shares at premium. Whether the entire amount of premium should be carried to the reserve fund or utilised for the redemption of the share capital contributed by the State Government.

(iii) When on the sagging of the jaggery prices, the drive for collection of share capital slackened, whether the operations of the co-operative units should be narrowed down or Government commitments should be broadened.

(iv) How many members in the joint family should be allowed to hold shares in the co-operative factories. Whether a member should be allowed to hold shares in more than one factory.

(v) Whether Phadkaries (persons who had taken keen interest in sugarcane cultivation) in Kolhapur District should be admitted as share-holders.

(vi) In the cases of co-operative sugar factories who had expressed their inability to have shares of higher values, whether value of each share should be reduced from Rs. 500/- to Rs. 125/- each.

In regard to all these subsidiary issues the Ministers' Committee decided to adopt a liberal attitude and give concessions. The Ministers' Committee pressed the claim of the members of the co-operative sugar factories in regard to the grant of new irrigation blocks and also held that holding of large irrigation blocks by big farmers was undesirable.

The purpose of the Land Mortgage Banks was to help the farmers in the development of their lands. The Ministers' Committee was for some time in favour of allowing the Land Mortgage Banks to advance loans to the farmers to enable them to contribute to the share capital of the proposed co-operative sugar factories. It was ultimately decided that such permission would not be in conformity with the fundamental purpose of the Land Mortgage Banks and would negative the very purpose of the co-operative sugar factories.

CHAPTER III

PROJECTS UNDER THE SCHEME

Projects before 1954

Prior to 1954, Pravara Sahakari Sakhar Karkhana Ltd. at Pravaranagar and Kopargaon Sahakari Sakhar Karkhana Ltd. at Kolpewadi in Kopargaon Taluka of Ahmednagar District were registered under the Bombay Co-operative Societies Act, 1925. Out of these two factories, Pravara Sahakari Sakhar Karkhana Ltd. completed its erection work and commenced production of sugar in 1950. At the time of the issue of the Press Note of the Government of Bombay to which a reference has been made in Chapter II, Kopargaon Sahakari Sakhar Karkhana Ltd. was in its preliminary stages. Although it was registered prior to the issue of the Press Note, it was included as one of the projects for the First Five-Year Plan.

After 1954

In the Press Note issued by Government in June 1954, Government indicated 12 sites, which were considered suitable for the establishment of sugar factories. However, on receipt of representations from some parties that a few other areas were also suitable for setting up sugar factories, another Press Note was issued in July 1954 wherein it was pointed out that Government would be prepared to examine schemes even from those areas which were not indicated in the first Press Note. Out of the 12 areas mentioned in the first Press Note 10 were tentatively approved by Government in the first instance. In addition to these, a proposal from Baben (in Gujarat) which was not included in the original list of the sites selected by Government was also approved. The ten proposals at the following places were approved as:—

(1) Malegaon	—	Poona District
(2) Sansar	—	Poona District
(3) Korhale	—	Poona District
(4) Rahata	—	Ahmednagar District
(5) Karegaon	—	Ahmednagar District
(6) Rahuri	—	Ahmednagar District
(7) Ghotawade	—	Kolhapur District
(8) Kodoli	—	Kolhapur District
(9) Mugut Khanhubli	—	Belgaum District
(10) Malegaon Baglan	—	Nasik District

Apart from these 11 proposals (including Baben), applications were received from 9 more areas for establishment of sugar factories. These areas were as under:—

(1) Ichalkaranji	—	Kolhapur District
(2) Kale	—	Kolhapur District
(3) Murgod	—	Kolhapur District
(4) Sankeshwar	—	Belgaum District
(5) Uchgaon	—	Belgaum District
(6) Julewadi	—	North Satara District
(7) Bulsar	—	Surat District
(8) Kasbe Digraj	—	South Satara District
(9) Hangal	—	Dharwar District

In the meeting of the Ministers' Committee held on 17 September 1954, out of the above 9 proposals, Ichalkaranji and Sankeshwar were examined and approved by Government. The schemes at Murgod and Korhale were rejected by Government in the same meeting on the ground of inadequacy of cane supply in the areas. The schemes at Kale, Uchgaon, Kasbe Digraj and Bulsar were tentatively approved.

The applications for these projects and two more applications from Kopargaon Sahakari Sakhar Karkhana Ltd. at Kolpewadi and Shri Ram Sahakari Sakhar Karkhana Ltd., Phaltan, came up for consideration before the Licensing Sub-Committee appointed by the Government of India. The Licensing Sub-Committee toured the State of Bombay in the middle of October 1954 to examine the feasibility of these projects. Thereafter, in 1954, Government of India granted licences to the following 10 projects for the crushing season 1956-57:—

(1) Kolpewadi (Kopargaon)	—	Ahmednagar District
(2) Rahuri	—	Ahmednagar District
(3) Karegaon	—	Ahmednagar District
(4) Kodoli	—	Kolhapur District
(5) Ghotawade	—	Kolhapur District
(6) Ichalkaranji	—	Kolhapur District
(7) Julewadi	—	North Satara District
(8) Malegaon	—	Poona District
(9) Sankeshwar	—	Belgaum District
(10) Baben	—	Surat District

Out of these 10 projects one at Kolpewadi, viz. Kopargaon Sahakari Sakhar Karkhana Ltd., was already registered prior to the grant of the industrial licence. Others were registered under the Bombay Co-operative Societies Act, 1925, as and

when they had collected the minimum share capital of Rs. 5 lakhs. Sansar and Mugut Khanhubli which were approved by the State Government and which were not granted licences were informed to renew their applications after some time again. Subsequently Sansar obtained an industrial licence on 29 March, 1956.

When the industrial licences were granted to the above projects, the following proposals were still under examination of the State Government:

(1) Phaltan (2) Rahata (3) Malegaon Baglan (Nasik District)

Subsequently, at the close of the year 1955, all these three projects, viz. at Phaltan, Rahata and Melegaon Baglan (subsequently the site chosen was at Dabhadi), were granted industrial licences.

Projects during the First Plan

Thus in the First Plan the following projects were granted industrial licences and they were registered under the Bombay Co-operative Societies Act 1925 during the First Plan period:—

	Project	*Date of Registration*
(1)	Kopargaon Sahakari Sakhar Karkhana Ltd., Kolpewadi	4 June 1953
(2)	Shri Ram Sahakari Sakhar Karkhana Ltd., Phaltan	24 July 1954
(3)	Rahuri Sahakari Sakhar Karkhana Ltd., Rahuri	3 November 1954
(4)	Karegaon	1 December 1954
(5)	Malegaon	24 February 1955
(6)	Rahata	3 March 1955
(7)	Krishna, Julewadi	28 July 1955
(8)	Shri Chhatrapati, Sansar	6 August 1955
(9)	Girna, Dabhadi (Malegaon Baglan)	8 August 1955
(10)	Warna, Kodoli	27 September 1955
(11)	Panchganga, Ichalkaranji	1 October 1955
(12)	Bhogawati, Ghotawade	18 October 1955
(13)	Khedut, Baben	9 December 1955

Thus at the end of the First Five-Year Plan, there were 14 co-operative sugar factories in the then Bombay State. Of these 14 co-operative sugar factories, Pravara commenced its production on 3 December 1950 and Kopargaon on 15 February, 1956, that is to say, prior to the beginning of the Second Plan two co-operative sugar factories in the State went into

production. The remaining 12 projects, although registered under the Bombay Co-operative Societies Act, 1925 during the First Plan, were actually set up during the Second Five Year Plan period for it took sometime for the machinery to reach the sites and start working. Six factories, viz. Rahuri, Karegaon, Rahata, Malegaon, Baben and Shri Ram, placed their orders for machinery during the First Plan period but machinery was received and erected during the Second Plan period. Shri Chhatrapati Shivaji (Sansar) purchased the old plant of Pravara and erected it during the Second Plan period. All the remaining factories from the First Plan placed their orders for machinery in the first year of the Second Five Year Plan as follows:—

Girna Bhogawati	Placed orders for machinery with M/s. BMA on 18 October, 1956
Warna Panchganga	Placed orders for machinery with M/s. B. Wolf on 17 January, 1957.
Krishna	Placed orders for machinery with M/s. Walchandnagar Industries in 1959.

During the First Plan period, i.e. before 1 March, 1956, Government contributed Rs. 10 lakhs as share capital for each factory.

Second Five-Year Plan

At the commencement of the Second Five-Year Plan, the following proposals were pending with the State Government:—

Maharashtra Region

(1) Niphad	—	Nasik District
(2) Takli	—	Ahmednagar District
(3) Kale	—	Kolhapur District
(4) Bidri	—	Kolhapur District
(5) Korhale	—	Poona District
(6) Manjri	—	Poona District
(7) Akluj-Bavda	—	Sholapur District
(8) Kasbe Digraj	—	South Satara District
(9) Mhaisal	—	South Satara District

Gujarat Region

(1) Kodinar	—	Amreli District (Already approved)
(2) Gandevi	—	Surat District (Already approved)
(3) Bulsar Pardi	—	Surat District

Karnatak Region

(1) Sankeshwar	—	(Already approved and granted licence)
(2) Jalalpur	—	Belgaum District
(3) Mugut Khanhubli	—	Belgaum District
(4) Uchgaon	—	Belgaum District

In the meeting of the Ministers' Committee held on 6 June, 1956, it was agreed that while considering the question of establishing new co-operative sugar factories, the cases of districts, which had no co-operative sugar factories at all and where there were possibilities of establishing such factories, should be given preference over proposals from districts which had already got such factories, established or about to be established.

In the meeting held on 23 August, 1956, the most feasible cases were only approved. Out of the five units for establishment of co-operative sugar factories alloted to the State of Bombay, one was allotted to Karnatak region and proposals for the establishment of two co-operative sugar factories in Gujarat region were already approved. Out of the seven technical reports placed before the Committee, it approved the following two proposals only:—

(1) Bidri-Murgod	—	Kolhapur District
(2) Dhamni	—	South Satara District

Others were informed not to go ahead for collection of share capital, etc.

Thus during the Second Five-Year Plan, the following co-operative sugar factories were registered under the Bombay Co-operative Societies Act, 1925:—

(1) Kodinar	—	(Gujarat)
(2) Gandevi	—	(Gujarat)
(3) Dhamni (Shetkari)	—	South Satara District
(4) Bidri	—	Kolhapur District
(5) Sankeshwar	—	Belgaum District

After the reorganisation of the states on 1 November, 1956, Sankeshwar factory was allotted to Mysore State. Prior to that, it was merely registered, no other action was taken. Even the share capital was not contributed by Government. Out of the remaining four factories, Government had contributed the

amount of Rs. 10 lakhs towards the share capital of Kodinar and Shetkari during 1956-57 and Rs. 8 lakhs towards the share capital of Gandevi factory. Subsequently in the year 1959-60, the amount of Rs. 2 lakhs was contributed towards the share capital of Gandevi factory.

During the first year of the Plan, Shetkari and Kodinar placed their orders for machinery with M/s. BMA and got their plants in time, erected them and went into production during the Second Five-Year Plan period.

On account of the stringent import licence policy, Gandevi and Bidri could not make much progress. On 6 August, 1959, the Government of India issued the following Press Note:

> In view of the likely increase in consumption of sugar in the country during the Third Five-Year Plan and the time required for establishment of new capacity after the grant of licences under the Industries (Development & Regulation) Act, 1951, the Government of India have decided to license additional capacity in the sugar industry. The additional capacity to be installed may take the shape of expansion in existing units and of establishment of new factories.
>
> As sugar is covered by the Industries (Development & Regulation) Act, 1951, applications giving full details should be made to the Ministry of Commerce and Industry in the appropriate forms prescribed under the Act.........

On publication of the Press Note it was decided to take up the following projects immediately:—

(1) Bidri	—	Kolhapur District (It could not obtain an import licence during the Second Plan period)
(2) Kumbhi Kasari (Kale)	—	Kolhapur District
(3) Someshwar (Korhale)	—	Poona District
(4) Yeshwant (Akluj)	—	Sholapur District
(5) Takli	—	Ahmednagar District

All these projects were approved by the Ministers' Committee in its meeting held on 1 September, 1959 and 23 September, 1959. The first one at Bidri was already approved and registered under the Bombay Co-operative Societies Act

in 1956, the next two, viz. Kumbhi Kasari and Someshwar, were approved on 14 September, 1959, and the remaining two, Yeshwant and Takli, on 23 September, 1959. After receipt of draft licences all these four sugar co-operatives were registered on the dates shown below:—

Project		*Date of registration*
(1) Kumbhi Kasari	—	20 June 1960
(2) Someshwar	—	20 June 1960
(3) Yeshwant	—	20 June 1960
(4) Takli	—	28 October 1960

Thus all these projects were registered in the Second Five-Year Plan.

The Ministers' Committee in its meeting held on 9 February, 1960 considered the following projects:—

(1) Shirala (Shahuwadi area)	—	South Satara District
(2) Niphad	—	Nasik District
(3) Shrigonda	—	Ahmednagar District
(4) Manjri	—	Poona District
(5) Kedgaon	—	Poona District
(6) Kalambar	—	Nanded District
(7) Bulsar	—	(Gujarat)
(8) Chanda	—	Chanda District
(9) Bhandara	—	Bhandara District
(10) Mula Canal Area	—	Ahmednagar District
(11) Bhilawadi	—	South Satara District
(12) Sangamner	—	Ahmednagar District
(13) Nampur	—	Nasik District
(14) Shahada	—	West Khandesh District
(15) Dongerkada	—	Parbhani District
(16) Kallam	—	Osmanabad District
(17) Kannad	—	Aurangabad District
(18) Bhadgaon	—	East Khandesh District
(19) Sakri	—	West Khandesh District

Out of these 19 projects the first 6 were approved and last 2 were kept pending for further investigation. The rest were rejected on the ground of inadequacy of sugarcane acreage in a compact area. Subsequently in the meeting held on 1 June 1960, Sakri project was also approved. Thus the following 7 projects were recommended for grant of licences:—

(1) Shirala (Shahuwadi area)
(2) Niphad
(3) Shrigonda
(4) Manjri
(5) Kedgaon
(6) Kalambar
(7) Sakri

Out of these 7 projects Niphad project obtained an industrial licence and it was registered on 26 January, 1961. The remaining 6 projects are still pending with the Government of India.

Third Five-Year Plan

Government of India fixed a quota of seven sugar factories to be set up during the Third Five-Year Plan. Six projects which were recommended during the Second Five-Year Plan period have not as yet been granted industrial licences on account of the Government policy of not licensing any more additional capacity in the sugar industry.

In November 1962, Government of India intimated that future grant of additional capacity would be considered under certain circumstances. On receipt of this communication the following projects in order of priority were approved by the State Government and recommended to the Government of India.

(1) Shirala (Shahuwadi area)
(2) Kalambar
(3) Sakri
(4) Dhoki
(5) Sangamner
(6) Manjri
(7) Dongerkada
(8) Gillod-Sindkhed-Dhond
(9) Kedgaon

However during the Third Five-Year Plan period no sugar co-operative has so far been registered.

Considerations in the Approval of the Projects

At the outset of the Scheme in 1954, the Government chose the most suitable sites for locating the co-operative sugar factories. Among the projects taken up for consideration later,

there was no priority fixed by the Government. As the projects were proposed by co-operatives and other public institutions, they were scrutinized by the Registrar of Co-operative Societies. The Ministers' Committee took decisions in regard to these projects on the basis of the technical reports furnished by the Registrar. The limit on the number of projects which the State Government could recommend to the Government of India was determined by the amount of loans sanctioned by the Government of India to the State Government for disbursement as contribution to the share capital of the individual factories. The Ministers' Committee, however, exceeded this limit in recommending projects from time to time to the Government of India.

Technical Reports

The main factors discussed in the technical reports pertaining to the individual projects were the availability of adequate supply of sugarcane within the jurisdiction of the projects, average yield of sugar, suitability of location, the strength and viability of the co-operative institutions in the areas to be covered by the projects. (Vide Appendix II for a technical report.) The factor of the availability of sugarcane was scrupulously examined during the initial years of the Scheme. But as the pressure of the different regions and areas for conceding their claims for co-operative sugar factories developed, the consideration of this factor was relaxed. As it has been observed in the previous chapter the claims of the private factories for expansion of their units were not allowed to stand in the way of the proposed co-operative units. The overlapping areas of the neighbouring co-operative units was also not attached undue importance if the minimum tonnage of sugarcane was available. The creation of irrigation facilities through newly-dug canals, lift irrigation schemes and wells augmented sugarcane supplies in different areas of the State. This enabled them to put forward their claims with redoubled vigour. The paucity of efforts to collect share capital and disputes among shareholders regarding the exact location of the factory hampered the progress of the projects in a few cases. All the projects which were recommended by the State Government did not secure sanction of the Government of India in the first scrutiny; some projects mooted during the First Plan got clearance during the Second Plan, while a few had to wait till the Third Plan.

Special cell in the Secretariat

A reference has already been made to the special cell created in the Secretariat to deal with the problems of the proposed co-operative sugar factories. The office of the Registrar of Co-operative Societies, which was located at Poona, was naturally in favour of the creation of the cell in that office, directly under the Registrar's guidance and supervision rather than in the Secretariat at Bombay. This alternative was favoured by the Registrar's office because it was believed that the Scheme of co-operative sugar factories belonged properly to the Registrar's Department and that it should be kept informed of the day-to-day developments, the progress and the broad problems in regard to the proposed co-operative sugar factories. The creation of the special cell in the Secretariat, it was feared, was going to affect the Registrar's stature as Head of the Co-operative Department within whose jurisdiction the Scheme of the co-operative sugar factories fell. The work of preparation for the registration of the proposed co-operative factories had to be done mainly by the Assistant Registrars in the State who were the field officers of the Registrar of Co-operative Societies. The promoters of the proposed co-operative sugar factories approached the Registrar's Department every now and then but they were helpless in the matter, as they did not know much about the progress of the proposed co-operative sugar factories. An additional factor in favour of the location of the cell in the office of the Registrar of Co-operative Societies was that the Scheme of co-operative sugar factories was not the first of its kind and that the Registrar's office had occasions to handle schemes of industrial co-operatives which were connected with the Government of India in various ways. On these occasions it was expected that the Secretariat of the State Government should have helped the Registrar's office in coping with the problems of the proposed co-operative sugar factories and especially in handling matters with the Government of India in this connection.

On the other hand, it was maintained by the Development Department in the Secretariat of the State Government that the creation of the special cell in the Secretariat was necessary on the ground of the expeditious disposal of the problems of the impending co-operative sugar factories especially during the period of the first few years.

The Development Department of the Secretariat was prepared for the transfer of the special cell later to the

Registrar's office but only when the proposals of the co-operative sugar factories were on their way. A strong plea was made by the Development Department for the continuance of the special cell in the Department. In support, the Development Department quoted the examples of the special cells, which were created in the Government of India to handle problems and issues of emergent character but were dissolved later when the special needs were over. The difficulties confronted in connection with the obtaining of licences from the Government of India, the necessary loans from the Industrial Finance Corporation, the licences for import from foreign countries, and so on, had to be handled by the Industries and Development Department and not by the office of the Registrar of Co-operative Societies. Further, the Development Department argued that the Scheme of the co-operative sugar factories was discussed by the Ministers' Committee which happened to meet at the Secretariat in Bombay and which had the Officer on Special Duty in the special cell in the Industries and Development Department as its Secretary. For the expeditious disposal of the day-to-day problems and correspondence in the matter, it was contended that the location of the special cell in the Secretariat was essential. The Development Department assured the office of the Registrar of Co-operative Societies that it would be kept informed from time to time of the developments regarding the Scheme of the co-operative sugar factories and that the registration of co-operative sugar factories would be handled by the Registrar's office as it was within its sphere. A further argument was pressed in defence by the Development Department. The creation of the special cell had been asked for by the Secretary and hence its continuance in the Secretariat was perfectly justified. The Registrar's office could ask for the creation of another special post. But in the meanwhile, the Development Department urged the continuance of the special cell in the Secretariat was essential.

The special cell existed in the Secretariat for the first two years since the inception of the Scheme of the co-operative sugar factories. Later, it was replaced by a special post of the Joint Registrar of Co-operative Societies, sugar factories. But by that time the scheme of co-operative sugar factories was well on its way.

Officer On Special Duty

The functions of the Officer on Special Duty for this scheme were to investigate the feasibility of the projects in the scheme

and to visit the areas of the projects, to help the Assistant Registrars in their drive to collect the necessary share capital, to visit New Delhi for securing the necessary licences for the co-operative sugar factories, and also for obtaining sanction for loans from the Industrial Finance Corporation and the Government of India. The Special Officer on Duty not only looked after these functions very well but he also participated in the meeting of the Licensing Sub-Committee at Bombay held in October 1954 to consider the applications for licences of the projects in the State. He also accompanied the Licensing Sub-Committee in their tours of the areas of the projects in Poona and Kolhapur Districts. The special cell created in the Secretariat thus helped the realisation of the Scheme of the co-operative sugar factories.

CHAPTER IV

THE FINANCIAL PATTERN

Alternatives to Co-operative Form

The alternative for the scheme of co-operatives, as far as the financial arrangements were concerned, could have been either the Government companies or Government participation in private sugar factories with or without participation by co-operatives. The first alternative of the Government companies could not be adopted because of the predominant interest of the agriculturists in the processing of sugarcane in their own areas. Government companies would have been as far away as the private sugar factories were from the agriculturists cultivating sugarcane. They would have involved bureaucratisation and would not have been beneficial to the agriculturists in various ways including the advantage of a self-determined cane price. But the most significant drawback of the scheme of Government companies would have been that the agriculturists would not have learnt the lessons of managing their own manufacturing concerns and uplifting themselves with their own hands. The second alternative of the Government participation in the private sugar factories would have meant nothing to the farmers because it would have entailed a form of bureaucracy accompanied by the full implications of private ownership. The association of the co-operatives with the second alternative would not have improved the matters. It would have at the best allowed a few co-operators the opportunity to associate themselves with the working of Government-cum-private factories. These two alternatives would perhaps have been thought of but for the appearance of the co-operative sugar factories on the economic scene of the State in 1954. But once the Scheme of the co-operative sugar factories with the financial participation of the Industrial Finance Corporation, the State Co-operative Bank and the State Government became successful, these two alternatives were inconceivable.

Participation of the Industrial Finance Corporation

The financial participation of the Industrial Finance Corporation, the State Co-operative Bank and the State Government naturally entailed the participation in the management of the co-operative sugar factories by these institutions. The Industrial Finance Corporation advanced huge credits to the

co-operative sugar factories on the same terms and conditions as were applicable to the private manufacturers. The Industrial Finance Corporation was primarily concerned with the viability and efficiency of the co-operative sugar factories in the same way it was interested in the soundness and profitability of the private manufacturing units. The Industrial Finance Corporation took interest in the management and working of the co-operative sugar factories to the extent to which its financial stakes in the co-operative sugar factories were concerned. It was not involved in the functioning of the co-operative sugar factories as such.

Stakes of the Central Financing Agency

The stakes of the Central Financing Agency in the success of the co-operative sugar factories were more intimate and deeper. The Central Financing Agency like the State Co-operative Bank was the main support of the co-operative institutions in the State. It financed to an important extent the share capital and operations of the various types of co-operative institutions in the State like the District Co-operative Banks, the Land Mortgage Banks and the recently established co-operative sugar factories. The Central Financing Agency looked upon the newly created co-operative sugar factories as sister-institutions to nourish which was one of its primary purposes. The interest of the State Co-operative Bank in the co-operative sugar factories was the most intimate among the supporting institutions at the back of the co-operative sugar factories.

The State Government's Vital Interest in the Sugar Co-operatives

The State Government supported, as it were, the co-operative sugar factories right from their inception through their successful working, and till the culmination of their activities in the allied processing and manufacturing activities. The State Government registered the co-operative sugar factories under the Co-operative Societies Act of 1925 and sanctioned the bye-laws of the individual co-operative sugar factories. The Registrar of Co-operative Societies was the inspecting and supervising authority above the co-operative sugar factories under the provisions of the Co-operative Societies Act, 1925. The State Government's interest in the co-operative sugar factories was not confined to its contribution to the share capital owned by the factories; it had also an intrinsic stake in the successful working of these co-operative factories. As the protector of the public interest the State Government was

vitally connected with the co-operative sugar factories. The State Government was intimately interested in the success of these co-operative sugar factories because on it depended the validity of its policy of advancing the co-operative institutions as an alternative to either the private sector or the completely Government-owned public sector. Further, the State Government possessed the powers, which neither the Industrial Finance Corporation nor the Central Financing Agency could have, the powers which it could use and operate in relation to the co-operative sugar factories as revenue authority and as irrigation authority. It was vitally connected with the farmers. Its tenancy laws affected the farmers who were the producer-members of the co-operative sugar factories. Apart from this, the State Government possessed the general authority to mend the matters in regard to the co-operative sugar factories.

The broad pattern of the financial provisions of the co-operative sugar factories is sketched in the following paragraphs.

The Block Capital Cost

The Bagaitdars' Co-operative Sugar Producers' Society Ltd., Loni, the pioneer sugar co-operative, went into production with the total capital expenditure of under Rs. 50 lakhs. The Loni (Pravara) Co-operative had, however, a plant of only 450 tons crushing capacity per day. Subsequently it was recommended by the Government of India that the plants of the co-operative sugar factories should not be of less than 800 to 1,000 tons crushing capacity per day which was the economic size within the available quantum of block capital. This naturally increased the cost of the projects. Subsequently the rise in the block capital cost was caused chiefly by the rise in the prices of the plants overseas and also rise in the prices of materials like steel and cement in the country. The total block capital cost of each factory varied. The factories could be grouped according to the years in which orders were placed for their plants. (For a statement giving the capital required by each factory upto the commencement of production and how the same has been raised, see Appendix III.)

Share Capital

The authorised share capital of the co-operative sugar factories was raised from Rs. 50 to Rs. 75 lakhs. Out of this the issued capital was Rs. 50 to 60 lakhs. The Ministers' Committee laid down a condition that at least Rs. 5 lakhs should be collected initially by way of share capital before registration of a sugar co-operative. The Committee also

prescribed that prior to the placing of orders for machinery the amount of minimum share capital exclusive of Government contribution should be raised to, at least, Rs. 8 lakhs. Government contribution towards the share capital of the co-operative sugar factories was given at the matching rate subject to the maximum of Rs. 10 lakhs. Subsequently it was raised to Rs. 15 lakhs. In order to secure Government share contribution of Rs. 10 lakhs, it was necessary for a factory to raise Rs. 10 lakhs from its members. In the meeting of the Negotiating Committee of the Government of India held on 8 January, 1959 and in the seminar held on 26 February, 1960 at Patiala it was decided that the State Governments should contribute Rs. 20 to 25 lakhs towards the share capital of each co-operative sugar factory. However, the Government of Maharashtra has decided to contribute towards the share capital of the co-operative sugar factories to the extent of Rs. 15 lakhs. All the old factories received the amount of Rs. 10 lakhs each as Government contribution; Krishna Sahakari Sakhar Karkhana Ltd. received Rs. 20 lakhs; the remaining six new factories, viz. Dudhganga-Vedganga, Yeshwant, Sanjivani, Someshwar, Kumbhi Kasari and Niphad, received Government contribution at the rate of Rs. 15 lakhs. So far, the Pravara Sahakari Sakhar Karkhana Ltd. alone has redeemed the Government contribution of Rs. 10 lakhs. (For the terms and conditions on which Government contributes towards the share capital of the co-operative sugar factory, see Appendix IV.)

Industrial Finance Corporation

After placing orders for machinery the co-operative sugar factories are required to apply to the Industrial Finance Corporation of India for grant of loan. As stated above, since the block capital requirements of each group of factories increased, they had to raise bigger loans than the factories in the previous group. The Industrial Finance Corporation loans raised by the co-operative sugar factories are as follows:—

	Rs. in lakhs
Pravara	15.00
Kopargaon	40.00
Shri Ram	47.50
Malegaon	
Ashok	52.50
Ganesh Rahuri	
Girna	
Warna	
Panchganga	65.00
Bhogawati	
Shetkari	

Krishna	75.00	
Dudhganga-Vedganga, Sanjivani, Yeshwant, Someshwar, Kumbhi Kasar, Niphad	90.00	
Shri Chhatrapati Shivaji	24.00	(It purchased the old plant of Pravara.)

Applications made by these factories were scrutinized by the Joint Registrar of Co-operative Societies (Sugar), Maharashtra State, and then they were forwarded to the Industrial Finance Corporation of India through the State Government. Except in the case of Pravara, Kopargaon and Rahuri, the Industrial Finance Corporation has granted loans to the co-operative sugar factories on the guarantee of the State and Central Governments on 50: 50 basis. All the assets of a factory are required to be mortgaged to the Industrial Finance Corporation of India for obtaining the loan. The Industrial Finance Corporation sanctions loan to the extent of 60 per cent of the fixed assets. It, however, sanctioned loans for the last six factories referred to above to the extent of 65 per cent of the fixed assets. (Please see Appendix V for the detailed terms and conditions of the Industrial Finance Corporation loan.)

So far, Pravara and Kopargaon Sahakari Sakhar Karkhanas have repaid the entire loan of the Industrial Finance Corporation.

Medium term Loan

The gap between the total block capital required by the co-operative sugar factories and the funds raised by way of share capital inclusive of Government contribution and the Industrial Finance Corporation loan is to be met by raising a medium term loan from the Maharashtra State Co-operative Bank Ltd. The Maharashtra State Co-operative Bank Ltd. grants the medium term loan on State Government guarantee for which they have a second charge on the assets of the co-operative sugar factory. Terms and conditions on which the medium term loans are sanctioned are detailed in Appendix VI.

In addition to the medium term loan, the Maharashtra State Co-operative Bank grants cash credit upto the amount of the Industrial Finance Corporation loan that has already

been applied for or sanctioned. It takes about a year or so for finalising the application and completing the mortgage deeds etc. for the Industrial Finance Corporation, before the Industrial Finance Corporation loan is actually disbursed. During this period, factories are under erection and need finance for making payments for machinery, supply of other materials and other recurring expenditure. Without the medium term loan of the Maharashtra State Co-operative Bank Ltd. it would not have been possible for the co-operative sugar factories to meet these liabilities. Formerly the medium term loan was not backed by Government guarantee, but for the last six factories this cash credit had to be supported by Government guarantee. Thus, actually, during the erection period, except the share capital the entire amount has to be obtained from the Maharashtra State Co-operative Bank Ltd. As soon as the Industrial Finance Corporation sanctions the loan and makes disbursement, it is adjusted against the cash credit sanctioned by the Maharashtra State Co-operative Bank Ltd.

Repayment of Loans

As a normal course these loans are to be repaid out of the earnings of the factory, i.e. the profits made by the factory during each year. It is likely that the factories may not be able to earn adequate profits to repay their due liabilities and simultaneously to invest in fixed assets of the factory, as in civil constructions etc. In order to ensure that there should not be default of due instalment, the following provision has been made in the bye-laws of each co-operative sugar factory for the deduction of compulsory non-refundable deposits:

> The deposit shall be made at a rate adequate to repay the amounts due, during the particular year to the Industrial Finance Corporation and/or to the Central Financing Agency on the block capital account including a suitable provision for redemption of Government's share capital.

These deposits are always deducted at rates that are adequate to repay the due instalments of the Industrial Finance Corporation loan and the medium term loan. So far no factory has defaulted any instalment on account of the Industrial Finance Corporation loan or the medium term loan.

The statement showing the borrowings and the financial position of each factory is included in Appendix III (Statement III).

Working Capital

Funds for the working capital are raised from the Maharashtra State Co-operative Bank Ltd. or the District Central Co-operative Bank Ltd. Generally the amount required for working capital by each factory is in the neighbourhood of Rs. 112.00 lakhs as follows:

		Rs. in lakhs
Pledge Credit	...	100.00
Hypothecated Credit	...	7.00
Clean Cash Credit	...	5.00
		112.00

Pledge credit is sanctioned against the sugar bags in stock with a margin of 30%. Similarly hypothecated credit is sanctioned against the stores with a margin of 30%. Cash credit is an unsecured loan. For the terms and conditions of the working capital see Appendix VII.

Security of Financial Investment

It is quite evident from the sketch of the financial provisions in regard to the co-operative sugar factories outlined above that the investments made by the Industrial Finance Corporation in the co-operative sugar factories were best protected. The investment of the Central Financing Agency in the co-operative sugar factories was less protected than that of the Industrial Finance Corporation. The State Government took care of its financial investment in the co-operative sugar factories not with an eye on its financial returns but mainly to safeguard the viability and the success of the co-operative sugar factories. The detailed terms and conditions, on which the loans and credits were advanced by the Industrial Finance Corporation and the Central Financing Agency, can be read from the Appendixes V and VI. The broad implications of these are elucidated here.

Both the investments made by the Industrial Finance Corporation as well as the Central Financing Agency were guaranteed by the State Government. The clean cash credit, the hypothecated credit and the pledge credit advanced by the Central Financing Agency to the co-operative sugar factories as working capital were, however, not guaranteed by the State Government because such guarantee was not required

for it. Initially the Industrial Finance Corporation had demanded cent per cent guarantee from the State Government for the loans it would advance to the co-operative sugar factories but the State Government was also interested in giving guarantee to the Central Financing Agency for the intermediate capital. Ultimately, on account of the good offices of the Planning Commission and the Finance Ministry of the Central Government, the Industrial Finance Corporation agreed to the advance of loans on the guarantee of the State and Central Governments on 50 : 50 basis. The charge of the Industrial Finance Corporation on the fixed assets of the co-operative sugar factories preceded that of the Central Financing Agency. The rates of interest prescribed by the Industrial Finance Corporation and the Central Financing Agency were virtually the same, viz. 6½% per annum. The regular rate of interest on I.F.C. loan was 7% per annum but it allowed a rebate of ½% for punctual payment of interest. Now the I.F.C. has increased it by ½%, while the rate of interest of the Central Financing Agency is unchanged. The State Government, being least interested in the financial returns on the contribution which it made to the share capital, did not charge any interest on it. Thus it is quite clear that the State Government was not primarily interested in the remunerative aspect of either its financial investment or its guarantee to the Industrial Finance Corporation and the Central Financing Agency

Terms and Conditions of Loans

The terms and conditions of the credits advanced by the Industrial Finance Corporation and the Central Financing Agency took into account the security of their investments, the solvency of the debtor institutions and the profit of their operations. They tried to safeguard these by appointing their nominees on the Boards of Directors of the co-operative sugar factories. But the ultimate responsibility for safeguarding the security, solvency and profitability of the co-operative sugar factories rested on the shoulders of the nominees of the State Government on the Boards of Directors of these factories. Hence, while the nominees of the Industrial Finance Corporation and the Central Financing Agency did not enjoy the veto powers on the decisions of the Boards of Directors of these co-operative sugar factories, the nominees of the State Government were explicitly endowed with this veto power under the terms and conditions, on which the State Government contributed to the share capital of these factories as well as under the bye-laws of the individual co-operative sugar factories. The State Government nominees on the Boards of Directors

of the co-operative sugar factories could refer any decision of the Boards from which they or the nominees of the Industrial Finance Corporation differed to the State Government for its final decision. These decisions, however, were to be those affecting the interest of the State Government, the Industrial Finance Corporation or the co-operative sugar factories. The term 'interest' was ofcourse a blanket term but the way in which it was interpreted by the nominees of the State Government and the Industrial Finance Corporation was conducive to the free and autonomous working of the co-operative sugar factories. The State Government nominees acted on behalf of the Industrial Finance Corporation and the Central Financing Agency in regard to those decisions of the Boards of Directors which affected their efficiency and profitability.

Other Safeguards

The co-operative sugar factories were not free to secure loans, issue debentures or exercise its borrowing powers without getting necessary permission from the Industrial Finance Corporation and the State Government. Nor could they invest in subsidiary concerns or either trade activities or any other schemes as long as they owed any liabilities to the Industrial Finance Corporation. The operations of the co-operative sugar factories were assured by the concomitant utilisation of the credits of the Industrial Finance Corporation. The State Government and the Central Financing Agency, each one of these, was allied with the other as partners in the efficient working of the co-operative sugar factories. The profitability of the co-operative sugar factories was safeguarded through provisions with regard to the limits placed on the dividend, the cane price payable to the producer-members and the compulsory non-refundable deposits to be credited by the producer-members to the factories at the end of the year. The conditions laid down by the Industrial Finance Corporation, with regard to the premium on premature repayments and the commission charged on instalments of principal deposits were meant to dissuade the factories from an abrupt ending of their operations. The insurance of the factory-properties was prescribed both by the Industrial Finance Corporation and the Central Financing Agency. The inspections by the Industrial Finance Corporation as well as by the Central Financing Agency were provided for to ensure the proper utilisation of the investments. Besides, the Industrial Finance Corporation would conduct technical investigations in order to find out the technical efficiency of the operative units. The best guarantee

for the successful working of the co-operative sugar factories was, however, not these financial provisions but the vigilance of the State Government nominees on the Board of Directors, who would see that the working of the factories was satisfactory and led to efficient results.

Factories' Investments in Funds

The provisions in the bye-laws, in regard to the capital redemption reserve fund, the depreciation fund, the price-fluctuation fund and the other funds ensured the continuity and prudent working of the co-operative sugar factories. How far these provisions were availed of by the individual co-operative sugar factories can be seen from the statement with regard to these funds included in Appendix III. The price-fluctuation fund, the reserve fund and the other funds were not as well provided for as the compulsory non-refundable deposits and the depreciation fund. The element of compulsion in the non-refundable deposits accounts for the large amount of these deposits, while the compulsion of replacement of plant and machinery in future was the reason for equally significant provisions for the depreciation fund. Other funds did not attract the attention of the factories which they deserved, mainly because the factories had to provide first for the repayment of the loans of the Industrial Finance Corporation and the credits advanced by the Central Financing Agency through working expenses and compulsory deposits which left very little for investment in these funds.

CHAPTER V

BOARDS OF DIRECTORS

The First Boards

The State Government, actually the Registrar of Co-operative Societies on its behalf, nominated the first Boards of Directors of the co-operative sugar factories, for a term of three years in the case of the first five co-operative sugar factories and for a term of five years in the case of the later co-operative sugar factories. In the case of Shetkari Sahakari Sakhar Karkhana Ltd., Sangli, only, the Board of Directors was nominated every year during the first five years of its tenure without changing the personnel on the Board. The nomination of the first Board of Directors by the Registrar of Co-operative Societies was done in consultation with the promoters of the co-operative sugar factories and the financing agency and was also approved by the State Government. The Board of Directors were nominated at the outset in order to make the way for the smooth functioning of the co-operative sugar factories. The first three to five years constituted the formative period of the factories during which the popular representatives on the Boards as well as the membership of the factories as a whole got themselves accustomed to the functioning of an industrial concern which was altogether different in character from routine agricultural activities to which they were used. During this initial period healthy connections had to be established. Working relations had to be built with the operating personnel including the Managing Director and the technical heads of various departments in the factory. The Boards of Directors had to secure help from the State and Central Governments, the Industrial Finance Corporation and the Central Financing Agency in setting up and operating the factory in various ways. For this purpose a Board, which was free from factions or rifts of any kind, was absolutely essential. Elections of the first Boards of Directors, however, would have introduced factions in the Boards and made a smooth functioning of the factories rather difficult, if not impossible. Until the first few crushing seasons were over, smooth functioning of the co-operative sugar factories was very necessary for building up confidence in the bulk of the farmer share-holders of the co-operative sugar factories. It was during this period that a sense of faith and belonging had to be assiduously developed in the body of the share-

holders of the co-operative sugar factories. The nomination of the first Boards of Directors in consultation with the promoters of the co-operative sugar factories assured the homogeneity of the first Boards in consonance with the attitude of the promoters of the factories. If the promoters had not been consulted in this regard, discordant elements would have entered the Boards of Directors, and this would have made the working of the Boards rather uncoordinated and uneasy.

Elected Directors

The composition of the Boards of Directors was devised to give representation to the producer-members in the main and to the society members to a very limited extent through elected directors. In the case of the Pravara Co-operative Sugar Factory only there were seven directors representing the producer-members out of whom five were to represent the members holding ten or more shares each while only two members were to represent the share-holders holding less than ten shares each. In the later factories ten directors represented the producer-members. In the Pravara Co-operative Sugar Factory the bulk of representation was given to the members holding ten or more shares because they wanted to ensure the support and confidence on the part of those who had contributed a majority of the share capital. Later the small farmers who had contributed to the share capital of the co-operative sugar factories desired more representation on the Boards of Directors, so this ratio of representation was changed in their favour from time to time. Recently this distinction among the share-holders on the basis of holding of shares has been removed. One directorship was allotted in all the factories to the society members of the co-operative sugar factories. The size of the Boards of Directors was neither too small nor too big. It was optimum in the sense that it allowed adequate representation to the share-holders without allowing scope for the formation of groups in the Boards.

Nominated Directors

The representation that was given to the financial partners of the co-operative sugar factories was uniform in all the factories. Two nominees each were allotted to the State Government and the Central Financing Agency, while one each was allocated to the Central Financing Agency and the Registrar of Co-operative Societies. Pravara and Kopargaon co-opted one or two experts each on their Boards but the later co-operative sugar factories co-opted only one expert each on their Boards. The rationale for the nomination of Directors on

behalf of the Industrial Finance Corporation, the State Government, the Central Financing Agency and the Registrar of Co-operative Societies has already been explained in the earlier chapters. The terms and conditions of the financial participation by the Industrial Finance Corporation, the State Government and the Central Financing Agency provided for their representation through their own nominees on the Boards of Directors. The Registrar of Co-operative Societies has an intrinsic interest in the working and success of the operations of the co-operative sugar factories which are a species of the genus of the co-operative societies of which he acts as the guardian. As it has been already elucidated the nomination of the Industrial Finance Corporation and the Central Financing Agency representatives on the Boards of Directors safeguarded the investments they had made in the co-operative sugar factories. The representation accorded to the State Government not only protected its contribution to the share capital, but also gave some scope to the State Government to shape the new co-operative sugar factories with a view to bringing success to their operations and making them economic propositions. The interest of the State Government was deeply involved in the success of the co-operative sugar factories because they became a testing ground of the validity of Government's faith in the viability of co-operative institutions. The co-option of an expert on the Boards of Directors enabled the co-operative sugar factories to associate knowledgeable persons with their working. Sometimes this allowed the Boards to have with them persons of their own choice who were not necessarily experts in sugar manufacture. The Industrial Finance Corporation did not necessarily nominate both its representatives on the Boards. It sometimes nominated only one of the two nominees. So long as the Industrial Finance Corporation was sure that its interests were cautiously looked after by the State Government nominees, it was not very particular about sending its full representation on the Boards of Directors of the co-operative sugar factories.

State Government Nominees

The two nominees of the State Government on the Boards of Directors were initially the Director of Industries and the local Executive Engineer. Later, when the scheme got going, the Director of Industries was replaced by the Collector of the District in which the co-operative sugar factory was situated, and within a year or two, i.e., in 1955-56, the Collector was also replaced by the Joint Registrar of Co-operative Societies (Sugar). A practice was followed for some time to appoint the

Deputy Registrar (Sugar) or the Joint Registrar (Sugar) as the Registrar's nominee but this was found not only inconvenient but also inadequate. The Joint Registrar (Sugar) handled the affairs of the co-operative sugar factories and as such he was in a better position to brief the State Government on the happenings in and the decisions taken by the Boards of the co-operative sugar factories. It has also been mentioned that the State Government possessed a veto on the decisions of the Boards of Directors of the co-operative sugar factories on which either the nominees of the State Government or the Industrial Finance Corporation differed. On this background it was proper that the most knowledgeable nominee, viz. the Joint Registrar (Sugar), represented the State Government, rather than the Registrar of Co-operative Societies. The Registrar's nominee did not have the authority which the State Government nominee possessed. So it was found convenient to appoint the Assistant Registrar or the Deputy Registrar in the relevant district as the case might be as the Registrar's nominee on the Board, and to allow the Joint Registrar to represent the State Government. This arrangement also enabled the local Assistant or Deputy Registrar to work on the Executive Committee and the Board of Directors, as on the Executive Council the Registrar's nominee, and not the Government nominee, had representation. This effected some kind of division of labour between the local representative of the Registrar of Co-operative Societies and the Joint Registrar (Sugar). It was practically impossible for the Joint Registrar (Sugar) to attend the meetings of the Executive Committees of a number of co-operative sugar factories and at the same time participate in the meetings of the Boards of Directors of these factories. This did not matter much because the Boards of Directors were more important than the Executive Committees; all the important decisions were taken by the Boards in which the Joint Registrar (Sugar) had an opportunity to function effectively.

Role of Nominated Directors

The role of the Government nominees on the Boards of Directors was not only to safeguard their financial interest but also to guide and advise on all matters. The Government had asked them to attend as many meetings as possible and to submit reports to the Government regarding the work transacted at these meetings and the decisions taken therein. The Government nominees were supposed to keep themselves in touch with the financial position of the societies and to appraise the progress in regard to production. They were expected to

keep themselves aware of the trends of production and to keep watch over the proper use of the resources of the factories. It was on very rare occasions that the right of appeal to Government was exercised by their nominees. As far as possible the Government nominees persuaded the elected Directors on the Boards to their own point of view in the interest of the proper and efficient working of the factories. The Joint Registrar (Sugar) as well as the nominees of the Central Financing Agency and nominees of the Industrial Finance Corporation were more knowledgeable persons than the elected Directors. As far as the affairs of the factories were concerned, the Joint Registrar (Sugar) had experience of the working of several factories in the State. The nominee of the Central Financing Agency had also good knowledge in this respect. The nominees of the Industrial Finance Corporation had to take care of the huge stakes which that organisation had invested in the co-operative sugar factories. Reference is invited to the later chapters on the working of the co-operative sugar factories for the observations regarding the role played by the Government nominees in the actual functioning of these factories. It is noteworthy that the nominees of the Registrar and the Industrial Finance Corporation were not officials only; eminent co-operators and economists were also appointed in this behalf.

Position since 1961

Since 1961, i.e. the coming into effect of the amended Co-operative Societies Act of 1961 (Maharashtra Act No. XXIV of 1961), the position with regard to the constitution of the first Boards of Directors and the appointments of Government nominees has undergone a complete change. No more the first Boards of Directors are nominated and no more the State Government appoints its nominees on the Boards of Directors of the co-operative sugar factories. So in the case of the Sanjivani, Dudhganga-Vedganga, Kumbhi Kasari and Niphad factories recently set up in the State, the first Boards were elected. The Boards of Directors of the Someshwar and the Yeshwant were nominated. During 1960-61 their Boards also have been elected.

Free Working

The Boards of Directors of the co-operative sugar factories functioned freely without positive interference of the nominated Directors. In regard to policy matters, the Boards of Directors were subjected to the general authority of the General Body Meeting held once in a year or sometimes more than once in

case Special Meetings were held. The General Body Meeting of share-holders discussed the annual budget, the annual report, the balance-sheet, the profit and loss account and the declaration of dividend. It was also free to broach any matter relating to the working of the factory for discussion. But within the broad framework of the plenary authority of the General Body Meeting of share-holders, the Boards of directors were the most significant organ of the co-operative sugar factories. The Executive Committee took executive decisions from time to time during the period when the Board of Directors did not meet. The Board of Directors met at least once within a period of three months while the Executive Committee met at least once within a period of one month. The limits of the authority of the Executive Committee were prescribed. Naturally important and executive decisions were made by the Board of Directors. The Managing Director was the man on the spot as far as the day-to-day working was concerned and he also had his share of authority subject to the overall jurisdiction of the Executive Committee and the Board of Directors. The commendable feature of the working of the Board of Directors was the constitution of the various Committees that looked after problems like sugarcane purchase, amendment of bye-laws, irrigation, sugar cultivation, purchases of raw materials, and so on. A special feature of the working of the Pravara Factory was the group committees formed for different areas under the jurisdiction of the factory. It was the manifestation of the regional democracy within the framework of the democratic working of the whole factory. The Chairman was allowed to draw an honorarium for looking after the day-to-day working of the factory but it was expected that he did not unduly interfere with the administration handled by the Managing Director in co-operation with his technical colleagues. There was also a provision for a Vice-Chairman in all the factories. Sometimes in some factories when the Chairman was an outsider, the Vice-Chairman on the spot looked after the day-to-day working of the factories. The requirement of Government approval for the appointment, suspension, removal and dismissal of the Managing Director did not operate in practice as a drag on the autonomous working of the factories.

CHAPTER VI

MANAGING DIRECTORS

Government Approval for Appointments

The provision in the bye-laws of the co-operative sugar factories regarding the appointment of Managing Directors reads:

"The Managing Director shall be appointed by the Board of Directors and his appointment and terms of appointment will be subject to the approval of the State Government, till the share capital contributed by Government and the loan from the Industrial Finance Corporation of India are fully repaid."

This provision has been made in pursuance of the condition laid down by Government while contributing towards the share capital of each co-operative sugar factory. The condition laid down by the State Government in this behalf is that Government would have the power of approval of the appointment of the Managing Director and his terms of appointment.

Thus it appears that after the repayment of the Industrial Finance Corporation loan and the redemption of Government contribution it will not be necessary for the factories to obtain Government approval for the appointment of their Managing Directors.

In case of the Pravara Sahakari Sakhar Karkhana Ltd. which has repaid the Industrial Finance Corporation loan and redeemed the Government contribution the relevant provision in the bye-laws regarding appointment of the Managing Director is as follows:

"The Managing Director shall be appointed by the Board of Management in consultation with the Registrar of Co-operative Societies and the Central Financing Agency and he shall hold office for a period of three years and would be eligible for reappointment."

In view of this provision, the Karkhana, even though it has repaid the Industrial Finance Corporation loan and has redeemed the Government share capital, appoints Managing Director in consultation with the Registrar of Cooperative Societies. The approval of Government is, however, not necessary for this appointment. A similar provision exists in the bye-laws of the Kopargaon Sahakari Sakhar Karkhana Ltd. In case of the

new sugar co-operatives, however, the requirement of Government approval for the appointment of Managing Directors is not eliminated even after the repayment of the Industrial Finance Corporation loan and the redemption of the Government contribution to share capital. The relevant bye-law of the new sugar cooperatives, viz. Bidri, Yeshwant, Someshwar, Sanjiwani, Kumbhi-Kasari and Niphad, reads:

"The appointment, suspension, removal and dismissal of the Managing Director shall be subject to the prior approval of Government."

This has subjected not only the appointment of Managing Director, but also every action against the Managing Director, to the approval of Government. This provision will be in force even after the repayment of Government contribution and Industrial Finance Corporation loan.

Procedure for Appointment of Managing Director

Upto the middle of the year 1957, the Board of Directors of the co-operative sugar factories used to make their own selections for appointment of Managing Directors and get the necessary approval of Government. By experience it was found that the factories were suffering from a number of disabilities in making their choices. Their horizon was very limited and their selection was confined to the small circle of persons known to them. They could not think of outsiders on the basis of their merits. The criteria sub-consciously adopted by the factories were in most cases irrational and had little to do with the particular suitability of the person for the kind of work involved. It was, therefore, thought that the best arrangement would be that in which Government was in a position to suggest a panel of persons to each factory, leaving it to the factory to select any one from the panel. In order to prepare a panel of Managing Directors, it was necessary to have a selection committee, the function of which would be to interview candidates and make a list of persons whom they might consider suitable for appointment as Managing Directors. As for the field of experience of the selected persons, it was felt that retired Government officers should be a minority among them. It was decided that as far as possible persons in the prime of their life should be selected for these responsible posts, work of which was highly taxing. It was also felt necessary to tap the open market to recruit persons having experience in sugar manufacturing concerns. Accordingly on 4th June 1957 the Joint Registrar of Co-operative Societies (Sugar) moved Government with the above observations and suggestions. Government agreed with the suggestions made by the Joint

Registrar of Co-operative Societies (Sugar). On 30th September 1957 Government appointed a High Level Selection Committee for the selection and recruitment of candidates for appointment as Managing Directors for the co-operative sugar factories. The Committee consisted of the following members:—

(1) Chairman, Ministers' Committee for Co-operative Sugar Factories. (Chairman.) (Prior to 1-5-1960, Minister for Finance was the Chairman of the Ministers' Committee. After 1-5-1960, the Chief Minister became the Chairman.)

(2) Chairman, Mumbai Rajya Sahakari Sakhar Karkhana Sangh Ltd. (the Federation of the Co-operative Sugar Factories), Poona.

(Subsequently the name has been changed to Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd., Poona.)

(3) Secretary to the Government of Bombay, Industries and Co-operation Department.

(After 1-5-1960, Secretary to Government, Co-operation and Rural Development Department.)

(4) Registrar of Co-operative Societies.

(5) Nominees of the co-operative sugar factories which have yet to appoint Managing Directors.

(6) The Joint Registrar of Co-operative Societies (Sugar) Poona. (Secretary.)

Pay Scale

Regarding the pay-scale of Managing Director of co-operative sugar factories, Government took the following decisions:—

(a) Working Government servants were to be entitled to a salary in the scale of Rs. 600-50-1000, or their grade pay plus 20 per cent whichever was opted by the officers.

(b) The prescribed scale for re-employed pensioners was also to be Rs. 600-50-1000. The cases for fixation of initial pay of re-employed pensioners had to be considered by Government in Co-operation and Rural Development Department in consultation with the Finance Department on merits. To the same Departments was also referred the question whether any portion of pension should be held in abeyance.

(c) As regards the outsiders, the scale of pay had been fixed as Rs. 800-50-1000-60-1300, having regard to their contract tenure.

Selections by High Level Selection Committee

According to the above Government decision, the High Level Selection Committee interviewed persons for the first time on 18th October 1957, and selected two candidates who were already working in private sugar factories. Posts were also advertised by the Joint Registrar (Sugar). As Secretary of the Committee, the Joint Registrar (Sugar), and the Chairman of the Sangh scrutinized the applications. Selected applications were sent to Government for arranging interviews by the High Level Selection Committee. 59 persons were interviewed on 30th November 1957, 1st December 1957 and 21st December 1957, of whom 11 persons were selected as follows:—

Categories of persons	No. of persons called for interview	No. of persons selected
1. Retired Govt. officers	15	3
2. Officers in Government service	9	2
3. From open market	35	6
	59	11

Tenure

The Committee also decided that the appointments to be offered to the selected persons should be for a period of three years in the first instance, to be extended, if necessary, by mutual agreement between the persons concerned and the Karkhana subject to confirmation by Government. The tenure of three years was to include a period of probation of one year. The tenure mentioned above was to be without prejudice to either party terminating the arrangement with three months' notice subject to the confirmation by Government.

Scope for Choice by Karkhanas

It was also decided in the Committee that the Joint Registrar (Sugar) should send a copy of the list of the selected personnel together with the full particulars to all the Karkhanas without Managing Directors with a request that

they might, if they desired, express their own choices of persons from the list, if necessary by giving the order of preferences. It was the intention of Governmnt to take the Karkhanas into confidence before discharging their final responsibility and it was for this reason that the list was being furnished to them to enable them to express their preferences.

Accordingly the Joint Registrar (Sugar) circulated the list among all the Karkhanas without Managing Directors and they were requested to communicate their choices. Immediately within a fortnight four Karkhanas communicated the names of persons to be appointed as Managing Directors in their Karkhanas. They were appointed with the approval of Government. Out of these four, two were Government retired officers and two were from the open market. Subsequently two more Karkhanas selected two persons from the remaining persons on the panel. In September 1958, when again the position was reviewed, only five persons were remaining on the panel. Out of them, one was not likely to be relieved by the Government Department where he was employed. Thus only four persons remained on the panel. It was felt prudent to take steps to prepare another panel, so that, in case of need, appointments could be made without any delay. The need might arise either because some of the working Government officers deputed to co-operative sugar factories might be recalled by their Departments or because some of the retired Government officers holding the posts of Managing Directors might get too old to carry on their duties. Provision was also to be made for unforseen resignations. With the approval of Government, posts were again advertised on 1st December 1958. 18 persons were interviewed on 25th March 1959, out of which 7 were selected. Out of 18 persons, 3 were retired Government Officers, 1 was in Government service and the remaining were all from the open market. All the 7 persons who were selected were from the open market. Out of these 7 persons, 3 were actually appointed by the Karkhanas with the approval of Government. Subsequently again interviews were held on 22nd March 1961. 36 candidates were interviewed and 12 were selected. All the selected persons were from the open market. Out of these 12 persons, 5 were appointed by the Karkhanas. The main criteria applied for the selection of Managing Directors was the educational qualification and the experience in sugar manufacturing concern or in any other big manufacturing concern.

Revision of Pay-Scale

In the meantime, it was felt that the pay-scale offered to the Managing Directors of co-operative sugar factories was

rather too low as compared to the Managing Directors of private sugar factories. It was considered desirable to revise the pay-scale of the Managing Directors of co-operative sugar factories. Accordingly Government revised the pay-scale of Managing Director in the Ministers' Committee meeting held on 12th August 1960 as follows:—

Revised pay-scale: Rs. 800-50-1000-60-1300-EB-75-1600.

Government, however, did not agree to revise the pay-scale of persons who were deputed from Government service as this would have vitiated the principle and spirit embodied in Bombay Civil Services Rule, 113(2)b. Rule 113(2)b is as follows:

"The terms granted must not be so greatly in excess of the remuneration, which the Government servant would receive in Government service, as to render foreign service appreciably more lucrative than Government service."

In the Ministers' Committee meeting held on 6th April 1961, it was decided that the new scale of pay, viz. Rs. 800-50-1000-60-1300-EB-75-1600, might be applied to the existing Managing Directors of the co-operative sugar factories if the Board of Directors of the factories concerned desired to do so.

Modified System of Selection

It was observed that some Karkhanas did not appoint Managing Directors from the panel selected by the High Level Selection Committee for one reason or the other. The Board of Directors liked to interview the persons from the panel once again. This was found irksome by the selected persons. Some factories remained without Managing Directors for a considerable long period. So, as recently as on 1st December 1962 the Government decided to change the procedure of selecting personnel for the posts of Managing Director. The particulars of the modified system of selection are as follows:—

(1) The post is to be advertised by the Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd., Poona.

(2) The following qualifications should be possessed by the candidates:—

(i) The candidate should have a degree of a recognised Universtiy, preferably B.Sc. in Chemistry, and should hold a diploma in Sugar Technology.

(ii) He should have a wide knowledge of sugar and allied industries and experience of management of not less than 5 years in a large organisation, preferably in a

sugar factory in a responsible position, or he should be a Class I retired Government Servant.

(iii) He should be between 35 to 50 years of age in case of direct recruits and persons in Government service, and not more than 60 years in case of retired Government Servants.

(3) Candiates responding to the advertisement are to be interviewed by the Committee comprising the following:—

(i) Chairman of the Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd. (Chairman);

(ii) Chairman or representative of the co-operative sugar factory for which the Managing Director is to be appointed;

(iii) Joint Registrar of Co-operative Societies (Sugar).

The Committee may also take on as an assessor, without the right of vote, a technical expert to be selected by the Registrar of Co-operative Societies out of three names suggested by the Chairman of the Sangh. Selection for each post of Managing Director of co-operative sugar factories is to be made separately and the name of the candidate selected by the Committee has to be proposed to Government for approval. However, the Government has reserved the right of rejection of the proposal in the cases of unsuitable persons. In the event of such rejection, the Committee is to recommend the candidate next in merit or make a fresh selection. if there is no such candidate available. The new procedure is designed to give the co-operative sugar factories more effective say in the selection of the top administrative posts in the factories. The above procedure has come into effect from 1st December 1962.

In accordance with the new procedure described above, Managing Directors for 3 co-operative sugar factories, viz. Sanjivani, Shri Ram and Warna, have been selected and appointed with the approval of Government. Now 14 factories have got Managing Directors, and 6 are without them. Out of these 14 Managing Directors, 4 are retired Government officers and the remaining 10 are from the open market. All these 10 Managing Directors have worked in the past in different sugar factories sufficiently long.

Duties of Managing Directors

Subject to the overall responsibility of the Board of Directors, it is the responsibility of the Managing Director to supervise the day-to-day administration of the society and, in particular

(i) to maintain proper accounts in accordance with whatever suggestions may be received from audit,

(ii) to ensure the safety of the society's property, documents and cash and insurance etc.,

(iii) to keep a watch on the realisation of the moneys due to the society,

(iv) to ensure that expenditure is kept within budget provisions,

(v) to submit to the Board of Directors a monthly statement of receipts and payments and the monthly trial balance,

(vi) to ensure compliance with all statutory provisions applicable to the society,

(vii) to maintain discipline and healthy relations among the staff, and

(viii) to bring to the notice of the Board of Directors, Executive Committee or its Sub-Committee, as the case may be, matters relating to timely purchases, fixation of agencies for works and services, appointment of staff etc., and to ensure the timely repairs and overhauling of machinery and other property of the society.

Key Role of Managing Directors

The high frequency of transfers of the Managing Directors and the difficulties in procuring proper personnel for these crucial posts in the co-operative sugar factories underline the delicate as well as the significient position the Managing Director occupies in the set-up of the co-operative sugar factories. He has to keep himself in tune with the feelings and opinions of the Board of Directors and also to get the best results out of the team of technical heads. The higher scale now adopted for the Managing Directors is expected to attract experienced hands for the posts of Managing Director. A healthier atmosphere in the Board of Directors would help to reduce frequent movements of these key personnel. The Managing Directors came from Government service or technical fields in sugar industry; they were now required to work in representative public bodies of the farmers. A change in the attitudes on the part of both the Managing Directors and the Directors is called for. It is expected that the new method of selecting

key personnel. But with this, the responsibility of the representatives of the co-operative sugar factories towards the Managing Directors has increased. The Government has still the power of vetoing the appointment and removal of the Managing Directors by the co-operative sugar factories, but this power is held in reserve to be used sparingly in critical circumstances.

CHAPTER VII

GOVERNMENT REGULATION AND ASSISTANCE IN THE SETTING UP AND CONDUCT OF THE CO-OPERATIVE SUGAR FACTORIES

Cane Price

The Central Government has regulated and helped the setting up of the co-operative sugar factories in different ways, for example by controlling and facilitating purchases of machinery required by them from foreign countries. They have set up Development Council to advise on the development of the sugar industry. While aproval of amendments to bye-laws of the co-operative sugar factories, and their inspection and audit are some of the statutory means of regulating the co-operative sugar factories, fixation of their cane prices is a reserve power vested in the State Government by the agreements entered into by the co-operative sugar factories with the State Government. Producer-members who are also cane-growers reap the benefit of sugar production in the co-operative sugar factories by sharing the residue of the proceeds of the sales after meeting the expenditure in the production of sugar. The co-operative sugar factories cannot fix the cane price below the minimum price prescribed by the Central Government. They have invariably fixed the cane price above the minimum prescribed by the Central Government. Further the cane price distributed by the co-operative sugar factories is ex-field and not ex-gate as in the case of the private sugar factories and as prescribed by the Central Government.

The Ministers' Committee finalises the cane price as worked out for each individual co-operative sugar factory by the office of the Joint Registrar (Sugar). The Ministers' Committee as the policy-making body representative of the State Government in this field has reserved the power of determining the cane price in view of the huge stakes of the Government and the associated financial institutions in the financial structure of the co-operative sugar factories.

The most difficult question to be settled by the Ministers' Committee is the amount of compulsory non-refundable deposits to be credited to the factories by the share-holders. This amount is included in the total cane price fixed by the Ministers' Committee. Though it is in the interest of the co-operative

sugar factories to save a part of the present earnings for future development and security they require a good deal of hard persuading on the part of the State Government's representatives in order to accept the cane price finally settled by the Ministers' Committee. So far there has been only one case in which a co-operative sugar factory chose to appeal to the Government against the decision of the Joint Registrar (Sugar) regarding the compulsory deposit component of the cane price that was approved by the Ministers' Committee. The State Government in upholding the decision of the Joint Registrar and the Ministers' Committee exercised its reserved power.

The relevant considerations, besides those mentioned in the Sugar Cane (Control) Order of the Central Government, 1955, in fixing the cane price are:

(i) the price of gur fetched by the non-member cane-growers,

(ii) the cane price offered by the private sugar factories around,

(iii) the general conditions of cane cultivation in the areas.

Under the above provisions, the Cenral Government in consultation with the State Government, every year fixes the minimum ex-gate cane prices in respect of each factory, joint stock or co-operatives, in Maharashtra State as well as in other states. These minimum prices are fixed on the basis of the recovery achieved by each factory in the previous year. The copies of the notifications issued for 1961-62 and 1962-63 fixing the minimum cane prices of various factories are enclosed in Appendix VIII.

The co-operative sugar factories pay cane prices at a higher level than the minimum fixed by the Government of India. The relevant bye-law of most of the factories reads:

"The Board of Directors shall each year fix the price to be paid for sugarcane supplied by members. This price per ton of sugarcane ex-field delivery shall not exceed by more than Rs. 10/- the average per maund of sugar released by the Society during the particular season."

In special cases this might exceed Rs. 10/-. However, when a price exceeding Rs. 10/- is fixed, the whole amount payable to a producer member in respect of the excess of the price above Rs. 10/- is to be credited as a compulsory non-refundable deposit by him under bye-law No. 37. (Bye-law No. 37 is about collection of compulsory non-refundable deposits.)

So long as the society has not redeemed the share capital contributed by Government or has not fully repaid the loans taken from the Industrial Finance Corporation or the Central Financing Agency on block capital account, the Board of Directors cannot fix the price to be paid for the sugarcane supplied by the members of the society, except with the prior approval of the Government.

So at present all the co-operative sugar factories, except Pravara which has repaid all its liabilities, fix the cane prices for their members with the approval of Government. Non-members are paid at the minimum rate fixed by the Government of India. Every year, Government fixes the cane prices for the producer members of the co-operative sugar factories in the light of the financial condition of the individual factories.

Before any reserves are set aside or dividend is paid or bonus to employees is considered, it is always seen that the producer members get a return equivalent to the minimum cane price fixed by the Government of India in respect of each factory. The Profit & Loss Account has, therefore, first to be drawn up on the basis of the minimum prices fixed by the Government of India. From the society's whole year's receipts of a revenue nature realised or realisable, the total expenses of revenue nature incurred or to be incurred are always deducted. Included in the expenses is the cane price calculated at the minimum rate fixed by the Government of India. In addition to these expenses deductions from the receipts are also to be made in respect of the following items:—

(1) Amount written off from accumulated losses or deferred revenue expenditure, if any;

(2) Depreciation on all assets as per provision of Income Tax;

(3) Loss on export quota of sugar;

(4) Development rebate.

Thereafter, whatever balance remains has to be distributed by way of additional cane price, provision for various funds in accordance with the provision of the bye-laws, bonus to employees and dividend to share holders. Declarations of additional cane price, bonus to employees and dividend to share holders are linked to one another.

It was decided by the Ministers' Committee on 20th June 1962 that the co-operative sugar factories which declare ex-field cane price for producer members from Rs. 48/- to Rs. 50/- per metric ton should provide dividend at the rate of 3 per cent as well as bonus to employees equivalent to at least one

month's wages. The factories which declare cane price from Rs. 51/- to Rs. 53/- per metric ton have to declare dividend at the rate of 4½ per cent and bonus to employees equivalent to two months' wages. The factories declaring the cane price of Rs. 54/- or above per metric ton are under an obligation to declare dividend at 6 per cent and bonus equivalent to three months' wages. All factories making profit are required to provide for bonus equivalent to at least one month's wages even if the cane price paid is less than Rs. 48/- per metric ton.

Declaring a dividend of 6 per cent is a test of the normal functioning of the factory. The declaration of the dividend and the bonus is a recognition of an important principle that it is not only the cane-producers-cum-members who should claim the profits of the co-operative sugar factories, but that those who supply capital, including Government, and those who supply labour are also entitled to receive a fair share.

Apart from this, ways and means position is also taken into consideration while calculating the cane price. It is seen whether the society would be able to pay all the due liabilities in the year including the expenses for road-construction, building of housing colonies, etc. As the new season begins in October or November, the cane prices are now fixed in the month of June or July to enable the exact ascertainment of the expenditure position for the complete previous year.

Statements showing the cane prices paid during the last three years, i.e. 1960-61, 1961-62 and 1962-63, are appended to the Monograph. (See Appendix IX.)

Purchase of Machinery

Since the inception of the Scheme of the co-operative sugar factories the State Government and the Federation of the Co-operative Sugar Factories played a prominent part in purchases of plants and machinery from foreign firms. Since 1959, on account of the stringent foreign exchange situation and also to boost indigenous machinery production, the Negotiating Committee (reconstituted as Steering Committee in January 1960) set up by the Government of India has looked into the matter. A representative of the State Government participates in the deliberations of the Negotiating Committee, now designated as the Steering Committee.

Under the bye-laws of the Co-operative sugar factories the authority for purchase of the plant rests with the Board of Directors and in all the cases the purchases have been made by a resolution of the Board of Directors.

In the case of the earliest factories (Pravara and Kopargaon) the capacities of the plants to be purchased being different, the societies concerned did not find it necessary to work in union. Each of them, therefore, made its own arrangements for the purchase of the plant and got necessary technical guidance for the purpose from the National Sugar Institute, Kanpur.

It was when the occasion came for the placing of orders for five plants in 1955 (four of them of identical capacity) that the necessity was felt for bringing the factories together mainly to secure the economies of bulk purchase and also to pool the technical advice available for the purpose of drawing up specifications, inviting and scrutinising tenders and so on. For this purpose the State Government appointed an *Ad hoc* Committee consisting of Professor D. R. Gadgil, Chairman of the Pravara Sahakari Sakhar Karkhana Ltd., Shri V. P. Varde, Chairman of the Kopargaon Sahakari Sakhar Karkhana Ltd., and also then Managing Director of the Bombay State Co-operative Bank Ltd., Bombay, one representative of each of the four factories that were to place orders for plants of 1000 tons capacity (Rahuri, Rahata, Koregaon, and Malegaon), the Registrar of Co-operative Societies, Poona, the Director of Industries, Bombay, and Professor G. P. Bhargava of the National Sugar Institute, Kanpur. This Committee appointed a Technical Sub-Committee which prepared the specifications, invited tenders and scrutinised them after they were received. On the advice of the Sub-Committee, the *Ad hoc* Committee selected the foreign firm from whom the purchases were to be made. This choice would have been ordinarily communicated to the societies concerned for taking further action. But some of the representatives of the societies felt that there was a good possibility of beating down the price further if negotiations were initiated with the firm selected, at a higher level. Accordingly, the matter was taken up by the Ministers' Committee for Co-operative sugar factories and this Committee was in fact able to get the price reduced. The Boards of Directors of the societies concerned thereafter placed the orders for machinery with the firm chosen by the *Ad hoc* Committee and at the price negotiated by the Ministers' Committee.

Regarding the fifth society which was able to place its order for machinery in the same year (Shree Khedut Sahakari Khand Udyog Mandali Ltd., Bardoli), the tenders were called by the factory itself before the appointment of the *Ad hoc* Committee. This was because the plant to be purchased was of 800 tons capacity while the other four plants were to be of

1000 tons capacity. All the same, this society availed itself of the advice of the *Ad hoc* Committee before finalising the order.

About four months later, Shri Ram Sahakari Sakhar Karkhana Ltd., Phaltan, reached a stage when it could place its order for machinery. As its requirement was for an 800 tons plant, it placed its order with the supplier of Shree Khedut for an identical plant. In so doing it could secure a rebate from the original price for both the societies.

In 1956 orders for machinery had to be placed for eight societies (Kodinar, Girna, Shetkari, Bhogawati, Panchganga, Warna, Krishna and Gandevi) all of the same capacity, viz. 1000 tons per day. As the advantages of a combined approach had already been demonstrated in the orders placed in 1955, the Federation of the Co-operative Sugar Factories in the State took upon itself the responsibility of providing the factories on a joint basis the necessary technical know-how for the drawing up of specifications, calling for tenders and scrutinising them after they were received. For this purpose, the Sangh appointed a Technical Sub-Committee consisting of a member of the Managing Committee of the Sangh who happened to be a technical expert, the Director of Industries, a representative of the National Sugar Institute, Kanpur, and a retired Chief Engineer of the Bombay State who had experience of having worked in sugar factories. As on the previous occasion, it was decided that the choice of the supplier on the basis of the tenders should be recommended by this Committee but that the possibilities of beating down the price further should be explored by the Ministers' Committee for co-operative sugar factories. All the Boards of Directors of the societies concerned gave the authority to the Chairman of the Ministers' Committee to negotiate the final price on their behalf. Accordingly, negotiations were completed for the purpose of six plants. The Boards of Panchganga and Warna did not see eye to eye with the recommendations of the Ministers' Committee and, therefore, these two Karkhanas were left out for the time being, but the remaining six societies placed their orders for machinery in accordance with the recommendations of the Ministers' Committee. Two of these (Krishna and Gandevi) subsequently failed to get the necessary Import Licences and, therefore, the orders were finalised only in the case of four co-operative sugar factories.

Meanwhile the Boards of Panchganga and Warna commenced negotiations on their own with another machinery supplier who had already participated in the tenders. After the specifications etc. were finalised, they sought the help of

the Ministers' Committee for the final negotiation of the price. This help was given and the orders for Panchganga and Warna were finalised.

Shree Krishna Sahakari Sakhar Karkhana Ltd., Karad, has placed its order for machinery with M/s. Walchandnagar Industries Ltd., under the scheme initiated by the Government of India for the fabrication of sugar machinery with minimum imported components.

Shree Chhatrapati Shivaji Sahakari Sakhar Karkhana Ltd., Bhavaninagar, purchased the old plant of Pravara Sahakari Sakhar Karkhana Ltd. This transaction was put through direct by its Board of Directors.

In the meeting of the representatives of co-operative sugar factories, the representatives of sugar machinery manufacturers' consortiums and the representatives of the State and Central Governments, held under the Chairmanship of the Minister for Industry on January 1959, it was decided to constitute a Negotiating Committee consisting of the following persons:-

(1) Senior Industrial Adviser (Engineering), Government of India,

(2) Additional Co-operation Commissioner, Government of India,

(3) Representative of the Amadalvalasa Co-operative Agricultural & Industrial Society, Andhra,

(4) Joint Registrar, Co-operative Societies (Sugar) Bombay State, Poona,

(5) Technical Adviser, Co-operative Sugar Factories, Government of Mysore,

(6) Registrar, Co-operative Societies, Punjab,

(7) Representative of the Bist Industrial Corporation, Nainital, U.P.,

(8) Representative of the Ministry of Food & Agriculture, Government of India.

This Committee was to negotiate with the representatives of the machinery manufacturers' consortium on the following main points:-

(i) to fix the basic price for a standard unit;

(ii) to draw detailed specification of the standard unit as finalised by the Ministry of Food & Agriculture;

(iii) to draw up a draft agreement on the essential heads, viz. (a) mode of payment, (b) terms of payment, (c) performance guarantee, (d) delivery terms and penalty

clause for default in delivery schedule, and (e) supervision and erection responsibilities and also fixing charges.

The Negotiating Committee fixed the responsibility for release of foreign exchange and supplies of raw materials and steel to the consortiums on the Ministry of Commerce & Industry. The Committee decided that the highest priorities would be given for release of raw materials and steel, and quick issue of foreign exchange for the necessary import licences would be arranged by the Ministry of Commerce & Industry, so that there would be no delay in manufacturing programme after the firm orders are placed by the co-operatives on the consortiums. The Negotiating Committee gave freedom to the co-operative sugar factories to get the standard unit specification changed and to negotiate small variations in price directly with the consortiums.

A detailed proforma regarding the progress reports to be submitted by the manufacturers was drawn up in consultation with the Ministry of Food & Agriculture and it was circulated to the members of the consortiums. The Committee was watching from time to time the progress made by the consortiums in manufacture of machinery. Similarly in every meeting of the Negotiating Committee, it used to scan the progress made by each factory in respect of the erection of machinery and whether it would be possible for the factories to commence their production on the scheduled dates.

The sugar co-operatives were required to execute the agreements with the respective suppliers within a month after the Negotiating Committee had finalised the basic price and specifications.

Subsequently on 8th January 1960 the Negotiating Committee was renamed as the Steering Committee and was reconstituted as follows:-

(1) Senior Industrial Adviser (Engineering), Government of India (Chairman),

(2) Industrial Adviser (Engg.), Government of India, (Alternative Chairman),

(3) Director, National Institute of Sugar, Kanpur,

(4) Processing Engineer, Ministry of Food & Agriculture,

(5) Director, (Sugar), Ministry of Food & Agriculture,

(6) Joint Registrar, Co-operative Societies (Sugar), Bombay State, Poona,

(7) Deputy Secretary, Ministry of Community Development & Co-operation, New Delhi,

(8) Chief Cost Accounts Officer, Ministry of Finance, New Delhi,

(9) Development Officer, Ministry of Commerce & Industry (Member Secretary).

Several meetings were held to review the progress achieved by the Sugar Machinery Manufacturers and the co-operative sugar factories and also to consider details in respect of the supply of sugar manufacturing plants to the new licenses for complete plants and expansion projects.

In the meetings of the Steering Committee held on 13th September 1960 the five new factories from Maharashtra were allotted to different consortiums as under:-

1) Dudhganga - Vedganga S.S.K. Ltd.. Bidri, Dist. Kolhapur.	M/s. Walchandnagar Industries, Poona.
2) Kumbhi Kasari S. S. K. Ltd., Kulitre, Dist Kolhapur.	Taxmaco, Calcutta.
3) Someshwar S. S. K. Ltd., Nira, Dist. Poona.	Buckau Wolf New India Engineering Work Ltd.. Pimpri, Poona.
4) Yeshwant S. S. K. Ltd., Akluj, Dist. Sholapur.	M/s. Walchandnagar Industries. Poona.
5) Sanjivani S. S. K. Ltd., Kopargaon, Dist. Ahmadnagar.	M/s. Walchandnagar Industries. Poona.

A new factory, viz. Niphad S. S. K. Ltd., Pimplus, District Nasik was allotted to M/s. B. W. N. I. E. Works Ltd., Pimpri, Poona.

Factories, having any difficulties in receiving machinery in time or otherwise, can refer the matter to this Committee which arranges discussions with the machinery suppliers and tries to settle the disputes amicably.

In January 1963, Government of India has revised the procedure and informed the State Governments that co-operative sugar factories could enter into direct negotiations with any of the indigenous machinery manufacturers for the supply of plants. The co-operative sugar factories are not allowed to enter into agreement with the machinery manufacturers until their loan applications have been cleared by the Industrial Finance Corporation. (For details of purchase of machinery by the co-operative sugar factories see Appendix X.)

While the factories were being set up, the State Government used its good offices in solving a good many unforeseen difficulties, e.g. in the clearance of import bills. In the process of actual working of the factories, certain parts of the plants did not operate properly, and on a few occasions some parts refused to work. The State Government persuaded the plant manufacturers to effect repairs and to supply more suitable and efficient parts in time. This saved a lot of time and money of the cooperative sugar factories.

Amendments to Bye-laws

From time to time the State Government has asked the co-operative sugar factories to adopt various amendments to the bye-laws to secure the financial interests of the parties (State Government, Industrial Finance Corporation and the Central Financing Agency) which have contributed to the share capital or the working capital of the co-operative sugar factories or to ensure the efficient working of the factories. A few amendments were mooted by the co-operative sugar factories for Government approval as they thought the existing controls too rigid.

In 1956, when Government contributed to the share capital of the cooperative sugar factories on a large scale, certain amendments to the bye-laws were effected. For example, provision for the capital redemption fund or the compulsory payment of the non-refundable deposits was made. Appointment of two government nominees was also prescribed. The terms of the appointment of the Managing Director of the Cooperative sugar factory were subjected to the government approval. The government nominee was given the right to question the resolution of the Board of Directors or the decision of the executive committee of the cooperative sugar factory by lodging an appeal with the Government. The other reserve powers of the Government introduced by the amended bye-laws have been discussed in the preceding chapters. To increase the efficiency of the cooperative sugar factories, an amended bye-law allowed waiving of the required quorum for the meeting held four hours after the adjourned meeting for want of quorum.

Later, certain government controls on the cooperative sugar factories were relaxed. For instance, the former ceilings on the rate of interest on the compulsory non-refundable deposits and the dividend were raised.

In 1960, all the bye-laws were made more simple and clear and they were grouped properly under appropriate heads.

Approving the amendments to bye-laws is a normal statutory power vested in the Registrar, Cooperative Societies, under the Co-operative Societies Act, 1925 and also the amended Co-operative Societies Act of 1961.

Inspection

Besides approving amendments to bye-laws of the co-operative sugar factories, the State Government has the statutory powers of inspection and audit of the co-operative sugar factories. Inspection and audit are the means through which the Government can ensure itself that the co-operative sugar factories are working according to the prescribed rules and bye-laws and are managing their affairs efficiently. Both the inspection and audit are carried out by the staff of the State Cooperative Department. The audit of the accounts and procedures followed by the co-operative sugar factories has by its very nature to be carried out continuously and concurrently so that the flaws in the accounts and procedures followed are detected immediately and are rectified by the factories according to the instructions of the Co-operative Department. The Departmental inspection, however, cannot be carried out regularly every year on account of the heavy work with which the department is saddled. It is, however, done periodically. It acts as a supplement to the continuous and concurrent audit carried out by the Department. The scope of audit is more limited than that of inspection. Audit is done mainly to spot the financial irregularities but it also touches the administrative and operational inefficiency and waste which affects the economical working of the factories. The inspection is more comprehensive. It touches each and every aspect of the working of the co-operative sugar factories. The compliance with the remarks in the inspection and audit notes is obligatory on the co-operative sugar factories and the Department takes care to see that the compliance is carried out in time.

The items touched in the Departmental inspection of the co-operative factories range from the deposits of share money and their refund, cane-cess, arrears to be paid to the State Government, the post-facto sanction of purchases by the relevant Sub-Committees, service rules for the employees, distribution of fertilisers in contravention of the rules of the Agriculture Department, appointments to the vacancies of important posts in the factories and so on. Besides the Departmental inspection, there is a periodic inspection by the Industrial Finance Corporation. The Industrial Finance Corporation inspection is less regular than the Departmental inspection. The main aim of the

Industrial Finance Corporation inspection is to ensure the security of its investments in the co-coperative sugar factories. The notes of the Industrial Finance Corporation inspections are more factual than critical. The Industrial Finance Corporation inspection satisfies itself that the repayments of instalments of interest and principal due to it are made regularly by the co-operative sugar factories. The Industrial Finance Corporation mostly relies on the State Government nominee on the Boards of Directors of the co-operative sugar factories to take care of its investments, their utilisation and their security.

The Reserve Bank had also undertaken in October 1960 an inspection-cum-study of six co-operative sugar factories to which the apex banks had advanced credit to the extent of Rs. 90 lakhs which was in turn borrowed by the apex banks from the Reserve Bank of India under Sub-Sections 17(iv)(c) and 17(ii)(b) of Section 17 of the Reserve Bank of India Act. A detailed report of this inspection-cum study was forwarded by the Reserve Bank of India to the State Government for action. Among the important recommendations made by this report were those touching Government's role vis-a-vis the co-operative sugar factories. One of the recommendations in the report which touched Government's relationship with the co-operative sugar factories was that the Departmental inspection of the co-operative sugar factories should be more regular and departmental audit should be streamlined.

Audit .

The co-operative sugar factories are subject to the statutory Departmental audit like any other co-operative society, under Section 81 (i) of the Maharashtra Co-operative Societies Act, 1961. By the end of the year 1956 it was noticed that the audit done once a year used to be undertaken long after the year to which it pertained. The question of a concurrent and continuous departmental audit was, therefore, seriously considered by the Federation of the Co-operative Sugar Factories in the State. The State Government acted upon the recommendations of the State federation. So since January 1957 the scheme of concurrent and continuous Departmental audit of the co-operative sugar factories has come into existence.

As remarked in an earlier section, the importance of audit of the operations of industrial concerns like the co-operative sugar factories cannot be overstated. The audit ensures the working of the factories on sound lines and safeguards their financial security. Before the scheme of continuous and con-

current Departmental audit came into effect in January 1957, the special auditors of the Department use to conduct statutory audit only once a year. To supplement this desultory Departmental audit the factories used to operate an internal audit by local auditors but this local audit was not continuous. The interval between one audit and another ranged from three to six months, if not a year. Both these types of audit, Departmental and local, could not, therefore, be considered to have been very helpful in giving timely guidance and exercising effective control in respect of financial matters and accounts and in securing immediate rectification of the errors detected in them. Audit by private parties was not suitable to the co-operative sugar factories because of the intimate relationship of the co-operative sugar factories with the Co-operative Department and their public character. The Departmental audit would also, it was felt, instil confidence in the management of the co-operative sugar factories. In view of the heavy commitments of Government, the Industrial Finance Corporation and the Central Financing Agency in these factories, the continuous and concurrent audit of their operations was considered essential and invaluable.

A concrete scheme for this contiuous and concurrent Departmental audit was prepared by the Federation of the Co-operative Sugar Factories in the State and was mooted for the consideration of the State Government. It involved the creation of three to four audit units consisting of a special auditor, four to five sub-auditors, the same number of clerks and other subordinate staff. The co-operative sugar factories in the State would be divided among these audit units which would fully devote to the auditing of the co-operative sugar factories under their charge. The Government was ready to undertake the continuous and concurrent Departmental audit provided its cost was borne by the factories themselves. The Federation persuaded the co-operative sugar factories to foot the bill for the continuous and concurrent Departmental audit. The non-working co-operative sugar factories would pay an *ad hoc* amount of Rs. 450/- to Rs. 500/- each for every year while the working co-operative sugar factories would pay approximately one anna (six nP) per ton of crushed sugarcane in the factories every year. The scheme was to be run on a no-profit no-loss basis. The individual factories would be required to pay from Rs. 12,000/- to Rs. 13000/- according to the tonnage of the crushed sugarcane. Although the cost was rather heavy in the case of the factories which were not producing upto their full capacity, this would save the expenses on account of the previous statutory and local

audits. The gain in terms of improved financial and general administration would of course compensate for the heavy expenses on account of continuous and concurrent audit. The scheme of continuous and concurrent departmental audit came into operation from January 1957. A slight reorganisation of the staff pattern and the distribution of work among the staff was effected in January 1958. It was felt that the junior auditing staff could secure enough guidance from the senior auditor who was all the while moving from one factory to another. The workload also, in the scheme of January 1957, was insufficient and the amounts of fees required to be paid by the individual factories were also rather too heavy. The work load for each unit in the scheme which came into operation in January 1958 was heavier than that in the earlier scheme. It led to smaller fees for the factories by one-third.

The institution of the scheme of continuous and concurrent Departmental audit indicates the keen interest of the State Government in the efficient and sound working of the co-operative sugar factories.

Development Council in Sugar Industry

The Central Government set up the Development Council in Sugar Industry under Section (6) of the Industries (Development & Regulation) Act, 1951 in March 1954. The main functions of the Development Council in Sugar are

(1) to recommend targets for production, to coordinate production programmes and to review programmes from time to time;

(2) to suggest norms of efficiency with a view to eliminating waste, obtaining maximum production, improving quality and reducing cost;

(3) to recommend measures for securing the fuller utilisation of the installed capacity and for improving the working of the industry particularly of the less efficient units; and

(4) to promote arrangements for better marketing and helping in the devising of a system of distribution and the sale or produce of the industry which would be satisfactory to the consumers.

The other functions of the Development Council in Sugar are designed to promote the full-fledged development of the industry, e.g. by undertaking research activities and training programmes, by disseminating information and by standardising accounting methods.

The responsibility for developing the sugar industry as a whole rests on the shoulders of the Central Government while the State Government has to promote the development of the sugar industry, particularly in the co-operative sector, by participating in their finances, by creating a proper climate for their successful working and by encouraging more progressive methods of agricultural production.

CHAPTER VIII

LIABILITIES OF THE CO-OPERATIVE SUGAR FACTORIES TO GOVERNMENT

Excise and Purchase Tax

The excise duty on sugar is levied by the Central Government. Its rates vary frequently. The present rate is Rs. 28-65 per bag of the prescribed size of one quintal. The excise duty represents the contribution of the sugar industry to the general revenue of the country. It is, so to say, a repayment of the benefits which the sugar industry secures from the Government and other public institutions to which the people in general in the country have contributed.

The sugarcane cess was levied by different State Governments and it was in operation before it was declared *ultra vires* of the Constitution. The levy of the sugarcane cess is a State subject; the proceeds of the sugarcane cess were utilised to some extent for cane development while a part was treated as a contribution to the revenue of the States. The rates of the sugarcane cess vary from State to State. In some States there was no levy on sugarcane cess at all whereas in others it was as high as Rs. 5/- or more per ton. A sugar factory in Uttar Pradesh challenged the Act, levying the sugarcane cess in that State, on the ground that the Act stated that the cess would be levied on industries in the local area and that in a local area the local authority concerned had the power to collect the cess under the relevant State Act. So, the U. P. Act was declared *ultra vires* of the Constitution. Factories in other States also went to the courts of law and on this point the relevant State Acts were declared *ultra vires*. Thereupon the State Governments have preferred to levy the sugarcane cess under the cover of the Purchase Tax Acts. The only difference which the passage of such Acts has entailed is that they are not applicable to the factories which own cane-producing farms. The rate of the purchase tax in the Maharashtra State is half nP. per kilogramme of sugarcane purchase by a sugar factory, which works out at Rs. 5/- per metric tonne. Proceeds of the Purchase Tax are expected to be utilised for the development of sugarcane and of the areas where the sugarcane is produced. As yet it does not seem that the proceeds of the Purchase Tax are utilised for this purpose.

Insurance

The co-operative sugar factories have to arrange for the insurance of their plant, machinery, equipment, stores, other materials, sugar and other products, buildings, other fixtures, and so on, in order to protect them from natural and human calamities. While the responsibility for insurance is squarely placed on the shoulders of the individual co-operative sugar factories, the Government has taken a keen interest in facilitating insurance.

In arranging for the fulfilment of the insurance requirements of the co-operative sugar factories, the following objectives had to be kept in mind:—

(a) Co-operatives should not confront the necessity of choosing between competing and rival insurance companies.

(b) Co-operatives should be assured a legal means of obtaining rebate on insurance to the extent of the agency commission normally allowed by the insurance companies.

(c) The insurer chosen should be financially strong and sound to be able to honour the claims raised by the co-operative sugar factories at any time and simultaneously without any delay.

Until April 1957 Government had not paid attention to the matter of insurance on the part of the co-operative sugar factories because they expected the individual factories to insure their properties with the insurance companies of their choice. The individual insurance companies were precluded from giving rebate or commission to the insured co-operative sugar factories because this insurance was bound by tariff. On account of the keen competition in the field the insurance companies tried to win business by dangling various inducements to directors of the co-operative sugar factories. One way out of the difficulty of allowing rebate to the co-operative sugar factories that was discovered and followed was that the directors in their individual capacities took the agency for insurance and promised to hand over the commission or rebate allowed by the insurance companies to the co-operative sugar factories. But there was no guarantee that this promise would be kept up by the individual directors of the co-operative sugar factories. In most cases they utilised this rebate or commission for some beneficial purpose related to the co-operative sugar factories. But this practice of the directors holding insurance policies on behalf of the co-operative sugar factories was considered unhealthy and risky by the Government. Besides, the auditors also had taken objection to this practice. There was also a risk involved in the rival insurance companies quoting competing terms to the co-operative sugar factories.

A sound alternative was found by the Government in insuring the business of the co-operative sugar factories with the State Insurance Fund and the Indian Insurance Companies pool jointly, the latter sharing 80 per cent of the business and the former sharing the remaining 20 percent. The servicing of the policies was decided to be done by the Indian Insurance companies' pool which was thoroughly conversant with the needs of the insured parties. The co-operative sugar factories were very much keen to assign the insurance business to a co-operative concern in the field of business but the Government persuaded them to accept the alternative of companies' pool-cum-Government insurance by pointing to the soundness of this arrangement. Satisfactory arrangements were concluded by the co-operative sugar factories with Government regarding the insurance of the plants and machinery in transit both from foreign countries as well as from within the country and also against the break-down of machinery in the process of actual operations. This arrangement was, in the first instance, made for one year; it was extended further after the experience of one year.

The provisions of the Emergency Risks (Goods) Insurance Act 1952 and the Emergency Risks (Factories) Insurance Act, 1962 passed by the Parliament are applicable to the co-operative sugar factories also. The Oriental Fire and General Insurance Company is the only authorised agent of the Central Government for this purpose. In view of this the co-operative sugar factories have insured their war risks etc. as required under the said Acts with the Oriental Fire and General Insurance Company Limited and not with the Government Insurance Fund.

Staff Scales and Wages

The wages of the clerical, manual and supervisory staff of the co-operative sugar factories as also of the private sugar factories are laid down by the Wage Board for Sugar Industry which was set up in December 1957 by the Central Government and whose recommendations were accepted by the Government of India in February 1961. The other conditions of service of the clerical, manual and supervisory staff of the co-operative sugar factories as also the private sugar factories are also determined by the recommendations of the Wage Board. The scales of salaries and other conditions of service of the other administrative and technical staff have been prescribed by the Federation of the Co-operative Sugar Factories in Maharashtra State as long ago as 1956-57. The conditions of service for the other staff are regulated by the recommendations of the Federation

which are voluntarily accepted and put into effect by the individual co-operative sugar factories.

Acts Applicable to the Co-operative Sugar Factories

There are various acts of the Central Government and the State Government that are applicable to the co-operative sugar factories. A list of these acts is appended to the Monograph. (Vide Appendix XII).

CHAPTER IX

PROSPECTS

The State Federation of the Co-operative Sugar Factories and the National Federation of Co-operative Sugar Factories are the connecting links between the co-operative sugar factories and the State and Central Governments. They play an increasingly important role as Government control over the co-operative sugar factories is relaxed. These trends and the extension activities of the co-operative sugar factories are set out in this chapter.

Co-operative Sugar Factories and the Federation of the Co-operative Sugar Factories in Maharashtra State

The Federation of the Co-operative Sugar Factories in Maharashtra State (the Bombay State) was formed by the co-operative sugar factories on their own initiative to consider common problems and work out their solution by common action, where-ever and whenever possible. The Federation was to act as the liasion agency between Government and the individual co-operative sugar factories. It was a collective organisation of the co-operative sugar factories. It represented the views of the co-operative sugar factories and also acted as the channel for persuading the co-operative sugar factories to the reasonable proposals of the Government. Government's support to the Federation was evidenced by the subsidy Government gave to the Federation towards its expenses. The Government, however, has not influenced the working of the Federation.

The Federation has been of great use to the member co-operative sugar factories in the appointments of higher staff, in procuring stores, machinery and chemicals, in the processing of licences for the new factories as well as the existing ones for expansion, and also licences for imports of machinery and spares. The usefulness of the Federation to the co-operative sugar factories can still be increased if the individual co-operative sugar factories are prepared to hand over some functions and powers to the Federation. The Federation serves as the representative organisation of the co-operative sugar factories. Sometimes it acts as a pressure group on behalf of the individual co-operative sugar factories. The Federation is backed by the collective strength of the co-operative sugar factories and strengthened by the association of prominent econo-

mists and public figures with its activities. It has been able to act as the mouth-piece of the co-operative sugar factories in the State. The detailed discussion of the organisation and activities of the Federation are appended to the Monograph. (Vide Appendix XIII.)

National Federation of Co-operative Sugar Factories

Just as on the State level the State Federation helps the individual co-operative sugar factories in their tackling of the common problems and in representing the views of the member factories to the Government and other public authorites, similarly the National Federation of Co-operative Sugar Factories acts or seeks to act as the mouth-piece of the State Federations and invidual co-operative sugar factories in the different States in India in representing their views to the Government of India. The National Federation was set up in 1960. Within the short period of three years it has established its claim to represent the State Federations and co-operative sugar factories by undertaking various activities such as assistance to the co-operative sugar factories in procurement of bulk stores, collection and maintenance of statistical data relating to the working of co-operative sugar factories, providing technical advice to the factories and acting as a liaison institution on behalf of the co-operative sugar factories with Government and other public institutions. The National Federation has been able to establish satisfactory working relations with the Ministries of Community Development, Panchayat Raj and Co-operation, Food & Agriculture, Commerce & Industry, and Finance. It is a small organisation with a full-time secretary and two technical experts. It receives a grant-in-aid from the Government of India towards its expenses. The National Federation tries to place the co-operative sugar factories on the map of the sugar industry in the country. A detailed note regarding the National Federation is included in Appendix XIV to the Monograph.

Extension of the Co-operative Sugar Factories into Related Processing Industries

In the sugar industry it is recognised that the by-products industry ultimately turns out to be more paying than the main industry. It is also agreed that the co-operative sugar factories should utilise the by-products by starting the processing industries on their own rather than selling the by-products to the private concerns. The association of the co-operative sugar factories with the related processing industries would not only augment the earnings of the farmers but would also increase

the technical knowledge of the farmers and extend the employment opportunities in rural areas.

The material which can be used for producing by-products consists of bagasse, molasses and press-mud. From bagasse could be extracted cellularic raw material which is utilised for manufacture of paper, chemicals etc. From molasses alcohol could be produced. Alcohol can be useful for a large number of chemical industries. Press-mud contains important wax components which have significant industrial uses. Removal of wax from the press-mud does not reduce the manurial value of the press-mud.

Steps have been taken by some co-operative sugar factories in Maharashtra to utilise the by-products of the co-operative sugar factories. The co-operative sugar factories have set up sister co-operative organisations for producing agricultural implements, machinery and related engineering goods and alcohol.

The Pravara Co-operative Sugar Factory has taken initiative in setting up the Pravara Agricultural & Industrial Development Co.-operative Society Limited at Pravaranagar in District Ahmednagar of Maharashtra State. It was found that on account of progressive improvement in agriculture in the area, the demand for small tractors, oil engines, pumping sets, iron and steel products and spare parts has gone up. On this background, the Pravara Agricultural & Industrial Development Co-operative Society was set up. Its declared objectives are:

(i) To manufacture, purchase and store implements and machinery required for the members;

(ii) to disseminate knowledge of modern methods of agriculture and to encourage the use of such methods;

(iii) to manufacture and distribute chemicals and other fertilisers for increasing and maintaining the productivity of land; and

(iv) to render necessary services to the members in their cultivation of land etc.

The area of operation of this Society is the same as that of the Pravara Co-operative Sugar Factory but the demand for its by-products comes from the whole of Maharashtra. The authorised capital of the Society is Rs. 55 lakhs out of which Rs. 50 lakhs have been called up. The State Government has agreed in principle to participate in the share capital of the Society and it has actually contributed so far to the extent of Rs. 3 lakhs. The amount of Rs. 10 lakhs has so far been collected by way of share capital by the members of the Society.

Care has been taken to create a large body of shareholders instead of concentrating shares in a small number of persons. The Board of Management has been modelled on the constitution of the similar bodies in the co-operative sugar factories. The Society has secured the necessary licence from the Union Government under the Industries (Development & Regulation) Act, 1961, for the manufacture of cast iron, castings of 250 tons, steel structures of 1,000 tons and for construction of sugar mill machinery. The Society proposes to obtain the licence for manufacture of other products in the course of time. Immediately the production of spare trusses, doors and all sorts of casting, turning, facing etc. has been undertaken. One of the special characteristic features of the enterprise is the opportunity for labour participation in the Society's profits.

The co-operative sugar factory (Shetkari) at Sangli has the initiative in promoting a co-operative distillery at the same place. Its annual installed capacity is 12,60,000 gallons of alcohol. It is proposed to procure the molasses from the three co-operative sugar factories, viz. Shetkari at Sangli, Krishna at Rethare in Satara District and Panchganga in Kolhapur District. These three co-operative sugar factories have agreed to participate in the share capital of the new society, but, if the two other co-operative sugar factories do not participate in the formation of a new society, the Shetkari Co-operative Sugar Factory at Sangli alone is prepared to form the Society and undertake the production of alcohol. There is ample water supply and also a convenient railway siding at Sangli where the alcohol plant is proposed to be located. The working unit of the plant and machinery of the Government Central Distillery at Nasik has been purchased by the Society at the cost of Rs. 4,75,000. A capital cost of Rs. 20 lakhs would be raised through a share capital of Rs. 5 lakhs contributed by the Shetkari Karkhana, Rs. 5 lakhs contributed to the shares by the Government of Maharashtra and Rs. 10 lakhs to be obtained as a medium term loan from the Maharashtra State Co-operative Bank, Bombay, on the guarantee by the State Government. The Society proposes to manufacture 3,500 gallons of the rectified spirit per day. The annual expenditure is estimated to be Rs. 8,14,000 while the receipts would come to Rs. 9,03,000. Thus there would be an annual surplus of Rs. 89,000 to the credit of the Society.

Change in the Structure of Government Regulation over the Co-operative Sugar Factories in Maharashtra.

Since 1961 when the amended Co-operative Societies Act has come into operation, the Government of Maharashtra has

decided to relax the administrative control over the co-operative sugar factories in the State. The Government's nominee, viz. the Joint Registrar (Sugar), would continue to attend the meetings of the Boards of Directors of the co-operative sugar factories but he would prefer not to veto any decision of the Boards of Directors and thus help to build up a new convention. Similarly the Government would cease to have any hand in the appointment of the Managing Directors of the co-operative sugar factories. This decision of course would not absolve the Government of its primary responsibility of broadly supervising the working of the co-operative sugar factories and ensuring their efficiency through a judicious use of the built-in safeguards. The purpose of these safeguards could be interpreted narrowly, just to ensure the security of the financial investments of the Industrial Finance Corporation, the Central Financing Agency and the State Government. But their essential purpose is to encourage the co-operative sugar factories to manage their affairs wisely and efficiently.

CHAPTER X

CONCLUSION

The co-operative sugar factories in Maharashtra are an eassy in inter-governmental co-operation. They are an outcome of the partnership among various public authorities; State and Central Governments, public corporations and the co-operative institutions. The public corporations that were concerned with the co-operative sugar factories were the Industrial Finance Corporation and the Reserve Bank of India. The co-operative institutions vitally connected with the co-operative sugar factories were the State and District Co-operative Banks and their primary units. The essence of the Scheme of the Co-operative Sugar Factories lay in the democratic and autonomous character of the co-operative institutions.

The pilot co-operative sugar factory at Pravaranagar was set up on the initiative of the co-operative movement itself. The State Government took the leaf out of the successful career of the pilot co-operative sugar factory at Pravaranagar and launched the Scheme of the co-operative sugar factories in 1954. The State Government occupies a central place in the scene of the co-operative sugar factories, but its policy has been to encourage them to operate independently as autonomous democratic institutions. The State Government has recently taken some vital steps in furtherance of this policy. The State Government has favoured the strengthening of the Federation of the Co-operative Sugar Factories as a link between the autonomous co-operative sugar factories and the public authorities. It would be one of the important responsibilities of the Federation of the Co-operative Sugar Factories to encourage the member-factories to keep aloof from non-economic forces and considerations. The National Federation would also help the co-operative sugar factories in this difficult but crucial process.

Though the State Government is the tutelage authority in respect of the co-operative sugar factories, the Central Government has played an equally momentous role in placing the sugar co-operatives on the map of the sugar industry in the country. It has adopted a liberal attitude towards the sugar co-operatives in the matter of granting them industrial and import licences, procurement of scare machinery and spare parts, and even an emergent matter like insurance. Sugar industry is, in fact, a controlled industry. The Central Government operates various controls over the sugar industry such as

fixation of minimum cane prices, regulation of price and movements of sugar, and release of sugar quotas for sale. The Central Government also regulates the wages and conditions of service of the clerical, manual and supervisory personnel in the co-operative sugar factories, and levies excise and income tax on them.

The financial stakes of the Central Government, the Industrial Finance Corporation and the Reserve Bank of India in the co-operative sugar factories are too important to be ignored. All the same the main supplier of block capital, viz. the Industrial Finance Corporation, has chosen to be contented with the financial safeguards of regular repayments of principal and interest. The Industrial Finance Corporation and the Reserve Bank of India conduct inspections periodically, though not regularly; these inspections rarely delve into administrative details. For the security of their investments, these participants in the financial arrangements of the co-operative sugar factories prefer to rely on the vigilance of the State Government rather than seek to control their management. In this way, though the Central Government is deeply involved in a State subject like the co-operative sugar factories on account of its concern with the planned development of the country, it has left the State Government free to shape and deal with the co-operative sugar factories. The constitutional division of powers between the State and Central Governments has been maintained; it has not prevented them from coming together to work out the Scheme of the co-operative sugar factories. Their sharing of common views on the role of the co-operative sector in national economy has mainly contributed to the success of the co-operative sugar factories.

The State Government uses formal as well as informal channels in dealing with the co-operative sugar factories. Differences between the Government and the co-operative sugar factories on crucial issues are mostly resolved through informal channels. Formal methods of control include satutory and non-statutory means of regulating the affairs of the co-operative sugar factories. The usual statutory means of regulation are approval of amendments to bye-laws, Departmental inspection and audit. The non-statutory means of regulation are those prescribed by the agreements concluded by the co-operative sugar factories with the Industrial Finance Corporation, the Central Financing Agency and the State Government. The most important non-statutory means of regulation was the Government nominee on the Boards of Directors of the co-operative sugar factories with his veto power. But the Government has now decided not to resort to this means. Both the statutory

and non-statutory means of regulation involve financial as well as administrative controls.

The Maharashtra State (in 1954 the Bombay State) has led the way in piloting the Scheme of the co-operative sugar factories. The Scheme has been quite successful. So it was adopted by other States and supported by the Central Government.

APPENDIX I

(Chapters II and III)

Sr. No.	Canal	Location of the site.	Village	Area proposed between Distributary Nos.	Guaranteed cane area in acres.	Area within a radius of 5 miles.	Area beyond 5 miles & within 10 miles radius	Capacity
1	2	3	4	5	6	7	8	9
1.	Nira Left Bank Canal	One mile along distributary from main Nira Baramati Road	Korhale Bk.	2 to 18	2,060	1,627	433	600
2	-do-	Near Malegaon Colony on Baramati Phaltan Road	Malegaon Bk.	18-A to 26	1,954	1,954	..	600
3.	-do-	On village boundary of Sansar & Udhat Baramati Indapur Road	Sansar	26-B to 45	1,996	1,846	150	600
4.	Pravara Right Bank Canal	Three miles from Belapur-Deolali Road	Ambi	Whole Canal	1,771	1,354	417	500
5.	-do-	Four miles from Shrirampur Newasa Road	Koregaon	10 to 16	1,421	1,321	100	400
6.	Godavari Right Bank Canal.	On Rahata-Chital Road	Rahata	12 to W.C. 40, 41	792	700	92	450
7.	Godavari Left Bank Canal	Four miles from Kopargaon-Manmad Road	Takali	1 to 8	1,493	1,150	343	450
8.	Girna	Three miles from Malegaon-Satana Road	Dhanduri	1 to 3	800	700	100	400

1	2	3	4	5	6	7	8	9
9.		Ichalkaranji (Kolhapur Dist.)	1. Shirol 2. Karvir 3. Hatkanangale 4. Kagal talukas.	mainly within ten miles radius of location.				
10.		Bajar Bhogaon on Kale (Kolhapur District)	1. Panhala 2. Shahuwadi 2. Bavada (Mahal) talukas	-do-				
11.		Bidri or Murgood (Kolhapur Dist.)	1. Kagal 2. Karvir 3. Radhanagari 4. Budhargad talukas	-do-				
12.		Mugutkhanhubali (Belgaum Dist.)	1. Belgaum 2. Khanapur 3. Bailhongal talukas.	-do-				

APPENDIX II

(Chapter III)

(A Specimen Copy)

Technical Report on the proposal for the establishment of a Cooperative Sugar Factory (in the Korhale area, District Poona).

Introduction

This was one of the proposals included in the original Government Press Note dated 12-6-1954. It was kept aside because the Government thought that its claim for a licence might delay the securing of licences for Ganesh (Rahata), Shriram and Girna. Subsequently the Government of India refused Licence to this project on the ground of inadequate cane acreage. This project was also not included in the Second Five Year Plan as it was feared that the acreage would not be adequate. This position, however, has since changed as will be clear from what is stated below.

Availability of cane

The project covers 20 villages, 12 of which are under the command of the Nira Left Bank Canal. A statement giving the names of these villages and the acreage of standing sugarcane in each under the different modes of irrigation, is enclosed. It will be seen from the statement that the project can depend on the produce of 3,077 Acres 20 Gunthas. The minimum yield in this area can be taken to be 45 tons per acre. (The yields obtained by neighbouring Malegaon and Shriram factories have been 46.90 tons and 47.00 tons respectively in 1957-59 and 45.15 tons and 40.17 tons respectively for the season 1958-59.) This would give produce just enough for a plant of 1,000 tons capacity which would need 1,30,000 tons of sugarcane per season.

Sugar recovery

The recovery can be estimated at over 12% in view of the following recoveries obtained in neighbouring factories:—

	1958-59
1) Malegaon	12.041 %
2) Shriram	12.006 %

Suitability of location

Though the project is called the Korhale project, the centre of the area would be somewhere between Hol and Vadgaon. This would be about 9 miles from the Nira Railway station in the West. The Nira-Baramati road, which is a metal road and which is now to be concreted, goes right across the proposed area of operation for a distance of about 17 miles. There are adequate cart tracks available for movement of the cane from the villages to the factory. Moreover, the Sangli-Kambleshwar-Latur road of the Irrigation Department can be made use of, if necessary. Adequate land will be available for the construction of the factory. The existence of the canal solves the problem of water supply.

Ability of people to collect share capital and to run a Cooperative Sugar Factory

The producer members have already collected Rs. 3,08,025/- towards share capital and they would be able to make up the necessary amount of Rs. 20/- lakhs within two gul seasons. The area has enough local leaders to bear the brunt of management.

Capacity of the plant recommended

1,000 tons crushing per day

Statement showing standing Sugarcane acreage collected from the Revenue and Irrigation records in respect of each village included in the area of operation of the proposed Shri Someshwar Sahakari Sakhar Karkhana Ltd.

(Korhale Budruk)

Sr. No.	Name of the village.	Sugarcane acreage under				
		Canal	Flow	Lift	Wells	Total
		A.G.	A.G.	A.G.	A.G.	A.G.
1.	Nimbut	129–20	8–20	7–00	219–00	364–00
2.	Murum	283–32	6–00	12–20	262–28	565–00
3.	Karanje	115–17	—	—	145–23	261–00
4.	Hol	298–16	6–07	11–14	471–03	787–00
5.	Vadgaon	23–00	3–00	4–00	58–00	88–00
6.	Korhale Khurd	54–00	—	15–00	37–00	106–00
7.	Korhale Budruk	118–04	—	—	205–36	324–00
8.	Late	77–17	—	2–00	90–23	170–00
9.	Shirasane	23–00	—	4–20	15–20	43–00
10.	Pandara Dy. No. 16A Dy. No.16	1–20 12–10	—	—	—	43–30
11.	Pimpra	1–00	—	2–30	—	3–30
12.	Shivtakrar	2–00	—	—	—	2–00
		1169–16	23–27	59–04	1503–13	2757–20

Sugarcane acreage of the adjoining villages that are not in the area of operation of the proposed Karkhana.

		Sugarcane acreage under well only
1. Loni-Bhapkar		4–00
2. Mudhale		11–00
3. Waki		13–00
4. Chopadaj		8–00
5. Murti-Modhave		7–00
6. Morgaon		6–00
7. Karkhel		212–00
8. Deulgaon-Rasal		59–00
	Total	320–00

Sd/-
District Co-operative Officer
(Sugar) Baramati.

APPENDIX III

(Chapter IV)
(PART I)

Statement showing information about share capital etc. of the Cooperative Sugar Factories in Maharashtra State.

Sr. No.	Name of the S. S. K. Ltd & address.	Date of registration.	Date of commencement of prodution	Govt. share capital contribution		Total share capital collected by the members as on 31-12-62. (Rs. in lakhs)				Non-Refundable compulsory deposits collected by the Karkhana (Rs. in lakhs)	
				Year	Amount Rs. in lakhs	Producer members	Non-producer members	Co-op. Sys. members	Total	as on 30-6-61	as on 30-6-62
1	2	3	4	5	6	7	8	9	10	11	12
					Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
	Ahmednagar Dist.										
1.	Pravaranagar S. S. K. Ltd., Pravaranagar Tal. Shrirampur Dist. Ahmednagar.	3-12-48	3-12-50	1949-50 49-50 55-56	5·92 0·08 4·00	38·75	0·02	0·41	39·18	28·53	30·40
2.	Kopargaon S. S. K. Kolpewadi Tal. Kopargaon Dist. Ahmednagar.	4—6-53	15—2-56	54-55 55-56	7·00 3·00	39·19	0·02	0·57	39·78	26·69	28·46
3.	Rahuri S .S. K. Ltd. Rahuri, Dist. Ahmednagar.	3-11-54	19-10·57	55-56 55-56	8·00 2·00	37·28	Nil	0·71	37·99	16·99	20·57

1	2	3	4	5	6	7	8	9	10	11	12
4.	Ganesh S. S. K. Ltd. Ganeshnagar Tal. Kopargaon Dist. Ahmednagar.	3—3-55	22-11-57	55-56 55-56	8·00 2·00	31·45	0·02	0·92	32·49	13·86	20·10
5.	Ashok S. S. K. Ltd. Ashoknagar Post. Shrirampur Dist. Ahmednagar.	1-12-54	9-12-57	55-56 55-56	8·00 2·00	33·82	Nil	0·82	34·64	15·18	21·99
6.	Sanjivani S. S. K. Ltd. Kopargaon Dist. Ahmednagar.	28-10-50	Not yet started	60-61	15·00	13·19 +20·72 (Anamat)	Nil	0·76 +0·65 (Anamat)	13·95 +21·37 (Anamat)	Nil	Nil
	Poona Dist.										
7.	Malegaon S. S. K. Ltd. Malegaon Bk. Tal. Baramati Dist. Poona.	24—2-55	25-11-57	55-56 55-56	8·00 2·00	26·13	Nil	0·47	26·60	25·02	28·50
8.	Shri Chhatrapati Shivaji S.S.K. Ltd. Bhavaninagar. (Sansar) Tal. Indapur Dist. Poona.	3—8·55	16—1-57	55-56	10·00	17·64	Nil	0·76	18·40	15·51	16·60
9.	Shree Someshwar S. S. K. Ltd. Nira Dist. Poona.	20—6-60	14—2-63	60-61	15·00	17·24	Nil	1·58	18·82	Nil	Nil
	Kolhapur Dist.										
10.	Warna S. S. K. Ltd. Warnanagar Post. Kodoli Dist. Kolhapur.	27—9-55	1-11-59	55-56	10·00	19·97	0·16	1·13	21·26	8·30	16·81
11.	Panchganga S. S. K. Ltd. Ichalkaranji Dist. Kolhapur,	1-10-55	20—3-59	55-56	10·00	22·29	0·59	1·20	23·88	9·70	16·62

1	2	3	4	5	6	7	8	9	10	11	12
12.	Bhogawati S. S. K. Ltd. Parite Tal. Karweer Dist. Kolhapur.	18–10–55	16—2–59	55–56	10·00	25·32	0·13	0·98	26·41	3·76	9·52
13.	Dudhganga Vedganga S. S. K. Ltd. Bidri Tal. Kagal Dist. Kolhapur.	10–10–56	15—2–63	60–61	15·00	16·21	0·26	0·81	17·28	Nil	Nil
14.	Kumbhi Kasari Ltd. Kuditre Post Kopaode Tal. Karweer Dist. Kolhapur.	20–6–60	Not yet started.	60–61 61–62	10·00 5·00	20·99	Nil	0·56	21·55	Nil	Nil
	Satara Dist.										
15.	Shriram S. S. S. Ltd. Phaltan Dist. Satara.	24—7–54	13–10–57	55–56 55–56 61–62	8·00 1·99750 0·00250	39·32	0·84	0·43	40·59	22·55	17·16
16.	Krishna S. S. K. Ltd. Rethare Bk. Tal. Karad Dist. Satara	28—7–55	21—3–61	55–56 58–59	10·00 10·00	26·77	0·20	0·84	27·81	0·31	4·73
	Nasik Dist.										
17.	Girna S. S. K. Ltd. Malegaon, Dist. Nasik.	8—8–55	23–12–58	55–56 55–56	8·00 2·00	21·14	Nil	1·41	22·55	2·53	6·54
18.	Niphad S. S. K. Ltd. Pimplas Tal. Niphad, Dist. Nasik.	26—1–61	Not yet started.	61–62	15·00	15·25	Nil	0·17	15·42	Nil	Nil
	Sangli Dist.										
19.	Shetkari S. S. K. Ltd. Sangli.	10–10–55	21–12–58	56–57	10·00	24·71	0·42	0·79	25·92	5·44	12·94
	Sholapur Dist.										
20.	Yeshwant S. S. K. Ltd. Akluj, Dist. Sholapur.	20—6–60	15—2–63	60–61	15·00	25·28	Nil	0·01	25·29	Nil	Nil

APPENDIX III (Part II)

Information regarding the Industrial Financing Corporation and the Medium Term loans obtained by the Cooperative Sugar Factories in Maharashtra State.

(Rs. in lakhs)

Sr. No.	Name of the Sah. Sakhar Karkhana.	Details regarding Indl. Financing Corporation Loan: I. F. C. Loan sanctioned.	Amount repaid		Amount outstanding as on 1-8-63.	Due Dt. of last instalment (year)	Details regarding Medium Term Loan: M. Term Loan sanctioned.	Amount repaid: Year	Amount	Amount outstanding.	Due date of last instalment.	Remarks.
1	2	3	4	5	6	7	8	9	10	11	12	13
1.	Pravara S. S. K. Ltd.	......Since Repaid......							......Since Repaid......			
2.	Kopergaon -do-	40·00	1957	3·00	Nil	1969	......Since Repaid......					
			1958	6·03								
			1959	5·55								
			1960	5·62								
			1961	6·99								
			1962	6·64								
			1963	6·17								
3.	Rahuri -do-	43·00	1959	3·50	25·50	1970	28·24	1959	8·00	Nil	Since repaid.	
			1960	3·50				1960	8·00			
			1961	3·50				1961	8·00			
			1962	3·50				1962	4·24			
			1963	3·50								
4.	Ganesh -do-	52·50	1959	4·05	29·95	1972	24·25	1960	7·00	Nil	Nil	
			1960	3·00				1961	7·00			
			1961	3·00				1962	10·25			
			1962	6·57								
			1963	5·93								

1	2	3	4	5	6	7	8	9	10	11	12	13
5. Ashok	-do-	52·50	1959 1960 1961 1962 1963	3·27 3·00 3·00 6·18 6·26	30·79	1972	28·24	1960 1961 1962	7·00 7·00 7·00	7·24	Dec. 1963	
6. Sanjivani	-do-	90·00 (Proposed)	Not yet disbursed			1978*		Not yet disbursed				*As per the tentative dt. from the tentative terms and condition recd. from I. F. C.
7. Malegaon	-do-	52·50	1958 1959 1960 1961 1962 1963	3·50 3·86 4·60 5·59 5·57 6·15	23·23	1971		Since repaid				
8. Chhatrapati Shivaji	-do-	24·00	1958 1959 1960 1961 1962 1963	2·00 3·06 3·35 4·49 3·94 4·11	3·05	Not available		Since repaid				
9. Someshwar	-do-	90·00 (Proposed)	Not yet disbursed			1976*	30·00	Nil	Nil	30·00	Dec. 68	*-do-
10. Warna	-do-	65·00	1960 1961 1962 1963	3·00 5·00 5·00 5·00	47·00	1970	41·60	Dec. 62	11·10	30-50	Dec. 65	

1	2	3	4	5	6	7	8	9	10	11	12	13
11. Panchganga	-do-	65·00	1960	3·00	45·80	1972	36·00	1962	12·00	24·00	Dec. 64	
			1961	5·00								
			1962	5·00								
			1963	6·20								
12. Bhogawati	-do-	65·00	1960	3·00	47·00	1970	49·60	1962	10·00	39·60	Dec. 66	
			1961	5·00								
			1962	5·00								
			1963	5·00								
13. Dudh-Vedganga	-do-	90·00 (proposed)	Not yet disbursed.			1977*	30·00	Nil	Nil	30·00	Dec.1968	*-do-
14. Kumbhi-Kasari	-do-	90·00	Not yet disbursed.			1976*	30·00	Nil	Nil	30·00	Dec.1968	*-do-
15. Shriram	-do-	47·50	1958	3·47	20·12	1969				Since repaid		
			1959	3·93								
			1960	4·39								
			1961	5·94								
			1962	4·99								
			1963	5·26								
16. Krishna	-do-	75·00	1962	Nil	70·00	1978	45·00	1962	10·00	35·00	Dec. 65	
			1963	5·00								
17. Girna	-do-	65·00	1960	3·00	48·00	1970	40·45	1962	10·00	30·30	Dec. 65	
			1961	4·00								
			1962	5·00								
			1963	5·00								
18. Niphad	-do-	90·00	Not yet disbursed			1978*	30·00	Nil	Nil	30·00	Dec. 59	*-do-
19. Shetkari Sah. Sakhar Karkhana Ltd.		65·00	1960	3·00	48·51	1970	39·60	1962	10·00	29·60	Dec. 65	
			1961	4·00								
			1962	4·00								
			1963	5·49								

1	2	3	4	5	6	7	8	9	10	11	12	13
20. Yeshwant	-do-	90·00 (Proposed)		Not yet disbursed		1976	30·00	Nil	Nil	30·00	Dec. 68.	* As per the tentative date from the tentative terms and conditions received from I.F.C.

Condition regarding repayment of the I.F.C. loan—The society shall repay the loan by annual instalments at the rate of two annas per maund of sugarcane crushed in the preceding year, at the minimum Rs. 3 lakhs to Rs. 4 lakhs.

APPENDIX III (Part III)

Statement showing Reserve Fund, and other funds of the Co-operative Sugar Factories in Maharashtra State

(Rs. in lakhs)

Sr. No.	Name of the Karkhana	Capital Reserve Redemption Fund		Reserve Fund		Price Fluctuation Fund		Depreciation Fund		Other Funds.	
		30-6-61	30-6-62	30-6-61	30-6-62	30-6-61	30-6-62	30-6-61	30-6-62	30-6-61	30-6-62
1.	Pravara S. S. K.	Nil	Nil	15·34	16·37	3·17	3·36	70·37	Nil	7·58	18·56
2.	Kopargaon S. S. K.	0·74	1·01	3·84	4·99	1·63	2·17	59·74	69·45	1·41	1·66
3.	Rahuri S. S. K.	0·18	0·43	0·94	1·99	0·36	0·86	39·54	48·35	3·94	4·03
4.	Ganesh S. S. K.	0·23	0·37	1·04	1·61	0·46	0·74	36·25	44·61	1·54	3·62
5.	Ashok S. S. K.	Nil	0·26	0·83	1·90	0·05	0·31	30·63	41·59	7·39	5·11
6.	Sanjivani S. S. K.	Nil	Nil	Nil	0·03	Nil	Nil	0·01	Nil	Nil	Nil
7.	Malegaon S. S. K.	0·45	0·62	1·98	2·69	Nil	Nil	9·17	9·17	26·2	2·97
8.	Chhatrapati Shivaji	0·61	0·81	2·50	3·29	1·22	1·61	22·82	27·91	1·21	1·02
9.	Someshwar S. S. K.	Nil	Nil	Nil	0·09	Nil	Nil	Nil	Nil	Nil	Nil
10.	Varna S. S. K. Ltd.	Nil	Nil	0·64	1·00	Nil	Nil	19·20	29·63	0·03	0·42
11.	Panchganga S. S. K.	0·03	0·05	0·63	0·78	Nil	0·04	21·67	31·01	0·04	0·14
12.	Bhogavati S. S. K.	Nil	Nil	0·14	0·16	Nil	Nil	24·32	34·66	Nil	Nil
13.	Doodhganga S. S. K.	Nil	Nil	0·10	0·10	Nil	Nil	0·05	0·42	Nil	Nil

APPENDIX III (Part III)

(Continued)

Sr. No.	Name of the Karkhana	Capital Reserve Redemption Fund 30-6-61	Capital Reserve Redemption Fund 30-6-62	Reserve Fund 30-6-61	Reserve Fund 30-6-62	Price Fluctuation Fund 30-6-61	Price Fluctuation Fund 30-6-62	Depreciation Fund 30-6-61	Depreciation Fund 30-6-62	Other Funds 30-6-61	Other Funds 30-6-62
14.	Kumbhikasari	Nil	Nil	Nil	0·16	Nil	Nil	0·03	0·45	Nil	Nil
15.	Shriram S. S. K.	0·47	0·70	1·98	2·94	0·93	1·41	32·61	38·36	3·02	3·93
16.	Krishna S. S. K.	Nil	Nil	0·08	0·14	Nil	Nil	0·41	11·73	Nil	Nil
17.	Girna S. S. K.	Nil	Nil	0·06	0·08	Nil	Nil	25·00	35·74	Nil	Nil
18.	Niphad S. S. K.	Nil	Nil	0·15	0·15	Nil	Nil	Nil	0·07	Nil	Nil
19.	Shetkari S. S. K.	Nil	Nil	0·13	0·16	Nil	Nil	27·92	37·74	Nil	Nil
20.	Yeshwant S. S. K.	Nil	Nil	Nil	0·06	Nil	Nil	Nil	0·68	Nil	Nil

* The Pravara S. S. K. Ltd. had adjusted the Depreciation Fund on the fixed assets.

APPENDIX IV

(Chapter IV)

(A Specimen Copy)

The Bhogavati Sahakari Sakhar Karkhana,
Ltd., Ghotavde, District Kolhapur.
Government contribution to the
share capital of.......

Government of Bombay,
Development Department,
Resolution No. CSK.1356-D,
Bombay, 23rd March, 1956.

Letter from the Registrar of Cooperatve Societies, Poona, N. G.273/2, dated the 3rd March 1956.

Resolution:— Government is pleased to accord sanction to the contribution of Rs. 10 lakhs to the share capital of the Bhogavati Sahakari Sakhar Karkhana, Ltd., on the following conditions and on such other conditions as may be laid down by Government from time to time.

1) The Society shall create a special class of fully paid up shares known usually as redeemable preference shares, payable out of the profits of the society, and the surplus profits of the society shall be credited to a separate account usually known as capital redemption reserve fund and the shares purchased by Government shall be redeemed out of this fund and not out of the general capital of the society. The Capital Redemption Reserve Fund shall be started immediately and such portion of the profits as the Directors think proper shall be credited to that fund from year to year.

2) The Society shall not issue any debentures or contract loans or otherwise exercise its borrowing powers except with the previous sanction of Government and the Industrial Finance Corporation of India.

3) The Society shall not declare dividend in excess of 4½ percent per annum subject to the condition that the society may create a dividend equalisation fund on the lines to be laid down by Government. The contribution to the dividend equalisation fund shall have a priority next to the contribution to the capital redemption reserve fund.

4) The Society shall accept two nominees of Government in addition to the nominee of the Registrar of Cooperative Societies and Director of Agricultural Marketing and Rural Finance on its Board of Directors till the share capital contributed by Government is repaid. The right of appeal will lie to the Government of Bombay when the nominees of the Industrial Finance Corporation as well as the nominees of the Government of Bombay dissent from a decision of the Board, and Government's decision shall be binding on the Board.

5) Government will have the power of approval to the appointment of the Managing Director and his terms of appointment.

6) In place of the capital redemption reserve fund referred to at condition No. (1) above, the society shall have the option of creating a separate fund under its by-law authorising it to collect deposits (non-refundable) from the members under certain conditions, for being utilised to redeem the share capital contributed by Government. The relevant by-law of the society in this connection should clearly state that the amount so deposited will not be repayable in cash

but on the expiration of the period prescribed for redemption of the shares held by Government of Bombay each producer share holder will be entitled to receive shares of the value of the amount standing to his credit.

7) The shares purchased by Government shall be primarily fully paid up shares with preferential rights as to the return of capital in winding up but redeemable earlier out of the profits or out of the proceeds of the fund created vide condition (6) above.

8) The Government contribution sanctioned herein shall be disbursed to the Karkhana on the basis of its own share capital, and that the amount of Government contribution disbursed shall at no time exceed share capital collected by the Karkhana from its members.

9) The Society shall amend its by-laws so as to give due effect to these conditions before utilising Government's share capital.

2. The expenditure of Rs. 10 lakhs on account of the Government contribution to the share capital of the Karkhana is debitable to the budget head "72-Capital Outlay on Industrial Development-B-Investment in other Commercial Concerns-Subscription to Share Capital of Cooperative Sugar Factories and" and should be met from the advance of Rs. 10 lakhs from the Contingency Fund sanctioned in the Government Memorandum, Finance Department, No. CNF.1155/473-V, dated the 22nd March 1956.

By order and in the name of the Governor of Bombay,

Sd/-

Assistant Secretary to Government.

To

The Registrar of Cooperative Societies, Poona.
The Director of Industries, Bombay.
* The Chairman, Bhogavati Sahakari Sakhar Karkhana, Limited, Ghotavade, District Kolhapur,
The Accountant General, Bombay (through the Finance Department),
The Finance Department,
The Public Works Department.

* By letter

APPENDIX V

(Chapter IV)

(A Specimen Copy)

INDUSTRIAL FINANCE CORPORATION OF INDIA
NEW DELHI

Dated : 20th Oct. 1962

Re: M/s. Niphad Sahakari Sakhar Karkhana Ltd.,
Niphad, Distt. Nasik.

Memorandum of tentative terms and conditions for the loan of Rs. 90 lacs (rupees ninety lacs only) sanctioned to the above Society for the purpose of implementing its Scheme of setting up a Sugar Factory between Pimpalas and Pimpri villages, Niphad taluka, district Nasik, Maharashtra State with a crushing capacity of 1,00 tons per day with the plant capable of being extended to 1,500 tons capacity per day by suitable additions later.

I. *AMOUNT OF LOAN*; Rs. 90 lacs (Rupees ninety lacs only)

II. No part of the loan will be disbursed unless the Maharashtra State Government gives an undertaking to the I.F.C. that in the event of there being any shortfall in the resources of the Society to meet the capital expenditure under the scheme as now estimated or as may be revised hereafter, it will be met by the State Government from sources other than the Corporation.

III. The loan will be disbursed to the Society in instalments according to a schedule to be submitted by it and approved by the Corporation subject to the Society offering at each stage of disbursement a margin of 35% (Thirty five percent) of security comprising the existing fixed assets and the fixed assets to be acquired out of the instalments to be disbursed by the Corporation or otherwise.

IV. The Society shall raise a minimum share capital of Rs. 40 lacs (Rupees forty lacs only) including the Maharashtra State Government's contribution before its factory goes into production. The share capital shall be raised to Rs. 50 lacs within one year of the commencement of production.

V. The disbursements out of the loan shall, however, be made in such proportion to the share capital raised by the Society as may be decided upon by the Corporation. In case there is a shortfall in the collection of the minimum share capital of Rs. 40 lacs, the Corporation shall have the discretion to withhold disbursement of the loan to such extent as it may consider necessary until the shortfall is made good.

VI. The Society shall make arrangements satisfactory to the Corporation for raising a medium term loan of Rs. 20 lacs from the Maharashtra State Co-operative Bank Ltd., for meeting a part of the capital cost of the scheme.

VII. The Society shall *not* borrow for capital expenditure, other than from the Corporation to the extent of Rs. 90 lacs and from the Maharashtra State Co-operative Bank Ltd., to the extent of Rs. 20 lacs, except with the prior approval of the Corporation.

VIII. The Society shall prepare a revised estimate of the capital cost, in consultation with the Department of Co-operation of the Minis-

try of Community Development and Panchayati Raj and Co-operation, bringing down the total cost to about Rs. 150 lacs and furnish the Corporation with a copy of the revised estimate together with relevant details.

IX. The Society shall arrange to get a specific cane growing area allotted to it by the State Government to ensure the availability of adequate supply of sugarcane. The Society shall also satisfy the Corporation that the estimated cane growing area of 4,000 acres around the factory would be available to it for growing cane before its going into production in November, 1963.

Re: M/s. Niphad S. S. Ltd.

X. *SECURITY:* The loan will be secured by a regular mortgage which must cover all the existing as well as future fixed assets of the Society viz., land, buildings, plant and machinery, fixtures, cars, furniture, trucks, vehicles, tractors, typewriters, calculating machines, etc.

XI. Deferred payments, if any, to the machinery suppliers shall not involve any charge in their favour on the Society's assets to be charged to the Corporation.

XII. The Corporation will also have a negative charge on machinery stores and machinery spares, both present and future.

XIII. The Society will be free to raise funds from Banks or others against raw materials, stock-in-process and finished and unfiinished products, but if the Society wants to raise funds against any other tangible moveable assets, previous written consent of the Corporation should be obtained.

XIV. *REPAYMENTS:* The amount of the loan shall be repaid in 13 (Thirteen) annual instalments, provided, however, that the amount of instalment payable in any year shall be calculated at the rate of two annas (As. 2/-) per maund of sugar cane crushed in the preceding crushing season, with a minimum of Rs. 6 lacs for the first year and Rs. 7 lacs a year for the next twelve years. The first instalment shall become payable on the 1st July 1956 i.e. after the society has worked for two full crushing seasons and the last (Thirteenth) instalment on the 1st July 1978.

XV. *PREMIUM ON PREMATURE REPAYMENT OF THE LOAN:*

In the event of premature repayment in full or in part of the outstanding loan, from sources other than accumulated profits or additional share capital, the basis, provided that it shall give prior notice in writing to the Corporation of not less than 90 days of its intention to repay in advance of the due date, stating the amount, the sources and proposed earlier date of repayment:—

Time of repayment	*Premium (Actual and not per annum)*
Not more than two years before maturity.	1 % on the amount earlier repaid.
More than two years but not more than four years before maturity.	2 % ,,
More than four years but not more than six years before maturity.	3½ % ,,
More than six years but not more than eight years before maturity.	5 % ,,
More than eight years before maturity.	6 % ,,

No premium will, however, be payable if premature payment is made from accumulated profits or additional share capital.

XVI. *INTEREST:*

This Society shall pay interest on the loan at such rate as is fixed by the Corporation in this behalf from time to time, with the prior approval of the Central Government and notified by the Central Government in the Official Gazette as provided in Rule 6 of the Industrial Finance Corporation Rules, 1957, subject nevertheless, to a minimum rate of $7\frac{1}{2}$% (seven and a half percent) per annum with a rebate of $\frac{1}{2}$% (half per cent) if instalments of principal and interest are paid on due dates, which is now current.

Re: M/s. Niphad S. S. K. Ltd.

XVII. Interest will be paid half-yearly on the 20th June and the 20th December each year.

XVIII. In default of regular payment of interest on the due date, compound interest shall become payable on moneys due.

XIX. *TITLE:*

The Society shall produce a marketable title to the property proposed to be mortgaged, to the satisfaction of the Corporation's Solicitors/ Law Officers.

XX. *INDUSTRIAL LICENCE:*

In case the society is not in a position to establish the proposed factory before the 1963-64 crushing season, it shall get the industrial licence suitably amended to provide for the necessary extension of time for the establishment of the undertaking.

XXI. *INSURANCE:*

The properties charged to the Corporation shall be insured for their written down value after allowing for normal depreciation only (i.e. excluding any special depreciation) against Fire, Riot, Civil Commotion and such other risks as may be considered necessary by the Corporation in the joint names of the Society and the Corporation as mortgagor and mortgagee respectively with insurance companies of repute to be approved by the Corporation. The Society shall be bound to pay premia and obtain fresh policies at least 7 days before the expiry of old policies.

XXII. *DIVIDEND:*

So long as any money remains due or payable by the Society to the Corporation in respect of any loan(s) borrowed by the Society from the Corporation, the Society shall not declare any dividend to its shareholders (both equity and preference) in any year until it has paid the instalments of principal and interest due on the loan(s) to the Corporation upto that year or has made provisions satisfactory to the Corporation for making the aforesaid payments.

Provided that the dividend to be declared by the Society shall not exceed 8% (eight percent) taxed on the equity paid up capital of the Society without the prior written consent of the Corporation.

XXIII. *UTILISATION:*

The amount of loan will be utilised for meeting a part of the capital cost of the scheme.

XXIV.

No portion of the amount shall be utilised for purposes other than those for which the loan is sanctioned.

XXV. *DIRECTORS:*

The Corporation reserves to itself the right to appoint, and remove, at its pleasure, not more than two directors of its own choice on the Board of Directors and/or Executive Committee of the Society, such directors being non-rotating and not liable to hold any qualification shares. The director(s) so appointed shall be entitled to ask for and receive copies of the minutes of all Board and/or Executive Committee meetings of the Society. Such directors shall also be entitled to receive notices of all General meetings of the Society and attend the same by way of invitation and request. The Society shall amend its Bye-laws to make it possible for the above conditions to be complied with.

Re: M/s. Niphad S. S. K. Ltd.

XXVI. *GUARANTEE:*

The repayment of the loan and payment of interest thereon shall be guaranteed by the Maharashtra State Government and the Central Government on 50/50 basis.

XXVII. During the period the loan from the Corporation is outstanding, the Society shall not create any further encumbrances on the assets mortgaged to the Corporation without the previous consent in writing of the Corporation.

XXVIII. The amount of the loan will be kept in a separate account, in the name of the Society with a bank to be approved by the Corporation, the payments from which will be verified by the Manager of the Bombay Office of the Corporation. The Society shall obtain and furnish the Corporation with a letter from their bankers foregoing their right of set off. A draft of the letter required is enclosed. No amount from the said account shall also be transferred for being kept in call, short term, fixed or any other deposit with the aforesaid or any other bank without obtaining the prior written approval of the Corporation. When such permission is granted by the Corporation, a letter from the Bankers foregoing their right of set off in respect of such deposit/s also shall be obtained before making the deposit.

XXIX. The Corporation will have the right to have the Society's factory and books of account inspected by Officers of the Corporation or by qualified Auditors as also the right to have, whenever necessary, technical investigations of the Society carried out by experts approved by the corporation. The cost of such inspections/investigations will be borne by the Society.

XXX. The Society shall pay a commitment charge at 1% (one percent) per annum on the instalment of principal which the Society fails to draw on the date mentioned in the schedule, from the said date to the date on which the instalment is actually drawn.

XXXI. The Society shall deposit with the Corporation, when accepting the terms and conditions of the loan, an amount calculated at the rate of ½% (Half percent) on the total loan amount. In case the loan or a portion thereof is not availed of by the Society, after executing the Mortgage Deed without giving at least six months' prior notice to that effect the whole of such deposit, in case the entire loan is not availed of, or part thereof in proportion to the amount of loan not availed of, as the case may be, shall stand forfeited to the Corporation and the amount of deposit or part thereof not so forfeited shall be refunded to the Society.

XXXII. The Society shall furnish to the Corporation copies of all the documents in respect of arrangements made or to be made with bankers or others for borrowings from them.

XXXIII. The Society *shall, of its own accord, make such* alterations and additions to it's Bye-laws as are necessary to *make them* conform to the terms and conditions of the loan. The Society shall, *in addition*, also carry out, whenever called upon by the Corporation to do so, such further alterations and additions of its By-laws as may be deemed necessary, in the opinion of the Corporation to safeguard its interest.

XXXIV. The Society shall not be allowed to carry on any general trading activity other than the sale of its own products during the currency of the loan. The Society shall declare whether it is or will be engaged in any other trading activity besides selling of sugar and its bye-products.

Re: M/s. Niphad S. S. K. Ltd.

XXXV. The Society shall not, without the prior permission of the Corporation obtain in writing, invest its funds by way of deposits, loans, share capital, or otherwise in any other concern (including its subsidiaries or holding Society) so long as any money is due from it to the Corporation, provided however, that nothing herein contained shall be construed to restrict or limit the right of the Society to deposit temporarily such funds *as may be necessary* with parties *who may insist* on such deposits *as a* condition of the transaction by them with the Society or with its Bankers in the normal course of business.

XXXVI. The Society shall not undertake any new scheme other than the one(s) submitted by it to the Corporation in connection with the loan(s) sanctioned to it and approved by the Corporation, nor shall it undertake the expansion of its existing capacity involving additional capital expenditure, without in either case, the prior approval of the Corporation had obtained in writing.

XXXVII. The Society shall undertake to make deductions, as non-refundable deposits, from the cane price payable to its producer members, at the rate of not less than Rs. 3.50 nP. (Rupees Three and Naye Paise fifty only) per ton of sugarcane and the amount thus collected shall be utilised by the Society first for meeting the residual capital expenditure, if any, under the scheme and its liabilities towards the Corporation on account of the repayment of the instalments of the loan of the Corporation and the payment of interest on the loan, in case the profits of the Society for meeting these latter commitments are not adequate and thereafter, for redemption of the share capital subscribed by the State Government or for other purposes. The bye-laws of the Society shall be amended accordingly.

XXXVIII. The Society shall make arrangements satisfactory to the Corporation for raising funds necessary for meeting its requirements of working capital.

XXXIX. The Society shall also make arrangements satisfactory to the Corporation for the appointment of administrative and technical personnel for the completion and operation of the factory.

XL. The Society shall not pay for the cane supplies a price higher than the minimum fixed by the Maharashtra State/Central Government without obtaining the prior approval of both the Governments.

XLI. The Society shall make arrangements satisfactory to the Corporation for meeting its requirements of water and power to the factory and the colony as also for the disposal of factory effluents.

XLII. Besides the amendment of its bye-laws as required under clauses XXV, XXXIII, XXXVII above, the Society shall also arrange to amend the following bye-laws:—

(a) Bye-law No. 43 providing for the Chairman of the Society looking after the day to day business of the Society and his being paid honorarium.

(b) Bye-law No. 59 providing for the payment of any additional return to the producer members over and above the cane price to be paid to them in accordance with the formula set out therein.

The above bye-laws shall be amended in consultation with the State Government and the Ministry of Community Development and Co-operation (Department of Co-operation).

XLIII. The Bye-laws of the Society shall be further amended to provide—

(a) that the liability of the Maharashtra State Govt. in respect of the share capital contributed by them shall be limited to the face value of the shares taken;

(b) that the preference shares held by the State Government shall not be redeemed during the currency of the loan from the Corporation except in the manner indicated in clause XXXVII HEREOF; and

Re: M/s. Niphad S. S. K. Ltd.

(c) the dividend payable on the preference shares subscribed by the State Government shall not be on a cumulative basis, i.e. irrespective of the profit or loss that may be registered by the society during its annual working.

XLIV. *LEGAL EXPENSES:*

The Society shall pay to the Corporation a sum of Rs. 7,000/- (Rupees Seven thousand only) to cover charges for investigation of the Society's title to its properties, for drawing up of necessary loan documents and attending to the execution and registration thereof, and all other incidental legal formalities connected with the transaction. The work connected with the completion of the loan transaction will be attended to by the Branch Law Officer at the Bombay Office and/or the Chief Law Officer at the Head-Office of the Corporation. In addition, the Society shall bear all stamp duty, registration charges and all other incidental expenses actually incurred by the Corporation in connection with the travelling expenses paid to its legal staff, cost of searches, etc., and execution and registration of all the loan documents.

APPENDIX VI

(Chapter IV)

(A specimen copy)

THE MAHARASHTRA STATE COOPERATIVE BANK LTD.

No. AIC/SUG/ /61-62 Bombay-1. dt. 19th Feb., 1962.

The Chairman,
Yeshwant Sahakari Sakhar Karkhana Ltd.,
Akluj, Dist. Sholapur.

Dear Sir,

Re: *Intermediate-term loan on Government guarantee.*

With reference to the above, we have to inform you that the financial accommodation to the extent of Rs. 35 lakhs has been recommended by the Government of Maharashtra for being allowed to you against its guarantee to enable you to bridge the gap between the capital expenditure and the resources of your karkhana. The Board of Directors of this Bank have, therefore, been pleased to sanction an intermediate term loan of Rs. 35 lacs (Rupees thirty five lacs only), on Government of Maharashtra guarantee @ 6½% interest repayable on or before 31st December 1968 in such instalments as may be fixed later on the usual terms and conditions supplemented by the following:—

1. The account will be operated at Bombay;

2. The karkhana should purchase total shares of the Bank worth at least of Rs. 50,000/- before operating upon this account.

3. Interest will be debited and payable half-yearly on the last working day of June and December during each year. The rate of interest is liable to be changed without notice.

4. The karkhana shall collect compulsory non-refundable deposits from the producer members as required under the bye-laws of the karkhana by making deductions from the cane-price payable to such members at such rate which the Government of Maharashtra may direct notwithstanding any provision contained in the existing bye-laws.

5. The State Government shall, if deemed necessary, have the right to ensure the collection of compulsory non-refundable deposits as may be prescribed by it by revision of the Board's decisions if in the opinion of the State Government, the deposits decided to be collected by the Board are not sufficient to enable the karkhana to pay off the loans within the stipulated period.

6. So long as the karkhana remains a debtor to the Industrial Finance Corporation or this Bank as Block Capital account remains unredeemed, the karkhana shall appoint the Managing Director only after obtaining the prior approval of the Government, notwithstanding any provisions contained in the Bye-laws.

7. The karkhana will have to execute a separate agreement with the Bank and/or Government of Maharashtra incorporating all the terms and conditions as may be prescribed, if and when required.

8. The loan is sanctioned subject to the condition that this Bank will have a second charge over all its assets, subject to the First Charge of Industrial Finance Corporation of India that may be created after the Mortgage Deed if executed in their favour by the karkhana.

9. The Books and all records of the karkhana shall be open for inspection to the officers of this Bank.

10. The karkhana should undertake to furnish to the Bank monthly periodical financial statements and other statements of accounts and stocks etc. or any other information as may be prescribed or required by the Bank.

11. This Bank will have the right to recall the loan either in full or in part, or suspend the operations on any or all the accounts, if any of the conditions is violated or if in the opinion of the Bank, any of the actions of the karkhana is found to be prejudicial to the interest of the Bank, the Bank shall be at liberty to take any steps as it may deem fit to recover the advances allowed together with interest and other charges incurred by the Bank.

12. The drawals on the loan will be allowed in suitable instalments to be decided between the Bank and the karkhana.

Yours faithfully,

Sd/-

Manager

APPENDIX VII

(Chapter IV)

(A Specimen Copy)

THE MAHARASHTRA COOPERATIVE BANK, LTD.
Sir Vithaldas Thackersey Memorial Bldg., 9, Bankhouse Lane, Fort, Bombay 1.

October 26, 1962.

No. AIC/SUG/1041/PAN/62-63.

The Chairman,
Panchaganga Sahakari Sakhar Karkhana, Ltd.
ICHALKARANJI: District Kolhapur.

Dear Sir,

Re:—*Financial accommodation for 1962-63 season*

With reference to the above, we have to inform you that the Board of Directors have been pleased to sanction the following credits to your karkhana:—

No.	Type of Credit	Limit	Period	Margin	Rate of Interest
1.	Clean Cash Credit	Rs. 2,00,000/- (Rs. two lakhs only)	30-6-1963	—	6½% P. A.
2.	Hypothecation Cash-Credit against stores.	Rs. 7,00,000/- (Rs. seven lakhs only)	30-9-1963	30%	6½% P.A.
3.	Pledge Cash Credit (against pledge of sugar including raw sugar)	Rs. 80,00,000/- (Rs. eighty lakhs only)	30-9-1963	30%	6% P.A.

On usual terms and conditions with the following:—

1. The clean cash credit will be available only after the factory starts production.
2. All the stocks, including stocks hypothecated or pledged to the Bank should be fully insured with an approved insurance company and policy be assigned to the Bank.
3. The sugar stocks for season prior to 1962-63 should be separately shown in the statement of stocks to be furnished to the Bank from time to time and these stocks should be sold by 31-12-1962 unless the stock remains unsold for want of release orders.
4. Monthly financial statements and statement of accounts along with the stock statements as may be prescribed by the Bank, should be furnished before 10th of each month.
5. The books of accounts and other record of the Karkhana shall be open for inspection to the officers of this Bank.
6. The rate of interest is liable to be changed without notice and the interest will be debited and payable after half-yearly at the end of December and June each year.
7. Hypothecation credit will be available against hypothecation of all stores including machinery stores and spares provided the Industrial

Finance Corporation has granted permission in writing to your Karkhana to raise loans against the aforesaid stores. This credit will not, however, be available against hypothecation of fertilisers, building materials like bricks, timber and tools and tackles.

8. The present credits will be inclusive of previous outstandings.

9. Advances to members against cane purchases will not exceed Rs. 35/- per ton. While disbursing advances to members deduction of Co-operative society dues for crop finance, Government Panipatti and other dues such as arrears of share calls, deposits and other karkhana's dues should be recovered.

10. The Karkhana should purchase additional shares of the Bank of Rs. 1 lakh before operating on the credit limits.

11. Permission of the Joint Registrar, Co-operative Societies (Sugar) Poona, should be obtained to raise the aforesaid credits from this Bank in pursuance of your bye-laws, if not already obtained.

12. Arrangement should be made for appointment of Managing Director before 31-12-1962 failing which the credit limits sanctioned are likely to be cancelled.

13. The Karkhana should collect arrears in share calls from the cane price so as to collect at least total Rs. 750/- per share.

14. A sum of Rs. 16 lakhs is earmarked under pledge credit to meet liabilities for payment of Intermediate Term Loan instalment in December 1962 and interest on I.F.C. Loan and bank credits.

15. The Bank reserves the right to recall the advances or suspend the operations on financial accommodation provided to your Karkhana by it, if any of the conditions are violated or if in the opinion of this Bank, any of the actions of the Karkhana are found to be prejudicial and/or detrimental to the interests of the Karkhana and/or Bank.

16. The Karkhana should as far as possible make its purchases of stores, and sales of sugar through Apex Marketing Society.

Yours faithfully,

Sd/-

MANAGER

APPENDIX VIII

(Chapter VII)

Order of the Government of India, fixing the minimum Cane Prices during 1961-62.

Ministry of Food and Agriculture,
(Department of Food)

Notification

New Delhi, 6th January 1962.

G.S.R. 43/ESS.Com./Sugarcane - In exercise of the powers conferred by sub-clause (2) of clause 3-A of the Sugarcane (Control) Order 1955, the Central Government after consultation with the State Government of Maharashtra hereby directs that in lieu of the payment of the minimum price for sugarcane fixed in the Notification of the Ministry of Food and Agriculture (Department of Food) No. G.S.R. 624/ESS.Com/Sugarcane dated the 21st April 1961 and of the deferred payment, if any, as provided under sub-clause (1) of clause 3-A of the aforesaid order, payment shall be made by a producer of sugar by vacuum pan process or his agent for sugarcane delivered at the gate of the factory during 1961-62 season in the whole of the State of Maharashtra of a minimum price specified in column (2) against each factory in column (1) of the Schedule below determined with reference to the minimum price per ton/quintal on the basis of the percentage of recovery of sugar from sugarcane during 1960-61 season.

Schedule

Sr. No.	Name of the Factory	Minimum sugarcane Price in rupees.	
		per ton.	per quintal
1.	Belapur Company Ltd., Haregaon, District Ahmednagar.	54	5.31
2.	Godavari Sugar Mills Ltd., Lakshimiwadi, District Ahmednagar.	53	5.22
3.	Godavari Sugar Mills, Sakharwadi, District Ahmednagar.	54	5.31
4.	Maharashtra Sugar Mills Ltd., Tilaknagar, District Ahmednagar.	55	5.41
5.	Shri Changdeo Sugar Mills Ltd., Puntamba, District Ahmednagar.	54	5.31
6.	Gangapur Sugar Mills Ltd., Raghunathnagar, District Aurangabad.	52	5.12
7.	Kolhapur Sugar Mills, Kolhapur, District Kolhapur.	56	5.51
8.	Ravalgaon Sugar Farm Ltd., Ravalgaon, District, Nasik.	52	5.12
9.	Walchandnagar Sugar Industries, Walchandnagar, District Poona.	54	5.31
10.	Phaltan Sugar Works, Ltd; Sakharwadi, District Satara.	54	5.31

Sr. No.	Name of the Factory	Minimum sugarcane Price in rupees. per ton.	Minimum sugarcane Price in rupees. per quintal
11.	Saswadmali Sugar Factory Ltd., Malinagar, District Sholapur.	53	5.22
12.	Brihanmaharashtra Sugar Syndicate, Shripur, District Sholapur.	53	5.22
13.	The Pravara Sahakari Sakhar Karkhana Ltd., Pravaranagar, District Ahmednagar.	54	5.31
14.	Kopargaon Sahakari Sakhar Karkhana Ltd., Kolpewadi, District Ahmednagar.	54	5.31
15.	Shri Chhatrapati Shivaji Sahakari Sakhar Karkhana Ltd., Bhavaninagar (Sansar), District Poona.	54	5.31
16.	Malegaon Sahakari Sakhar Karkhana Ltd., Malegaon, Budruk, District Poona.	56	5.31
17.	Shriram Sahakari Sakhar Karkhana Ltd., Phaltan, District Satara.	55	5.41
18.	Rahuri Sahakari Sakhar Karkhana Ltd., Shrishivajinagar, District Ahmednagar.	54	5.31
19.	Ganesh Sahakari Sakhar Karkhana Ltd., Rahata, District Ahmednagar.	54	5.31
20.	Ashok Sahakari Sakhar Karkhana Limited, Nipani Vadgaon, District Ahmednagar.	54	5.31
21.	Girna Sahakari Sakhar Karkhana Limited, Malegaon, District Nasik.	52	5.12
22.	Bhogawati Sahakari Sakhar Karkhana Ltd., Parite, District Kolhapur.	53	5.22
23.	Shri Warna Sahakari Sakhar Karkhana Ltd., Kodoli, District Kolhapur.	56	5.51
24.	Shetkari Sahakari Sakhar Karkhana Limited, Sangli, District Sangli.	54	5.31
25.	Shri Panchagana Sahakari Sakhar Karkhana Ltd., Ichalkaranji, District Kolhapur.	54	5.31
26.	Shri Krishna Sahakari Sakhar Karkhana Limited, Rethare BK, District Satara.	52	5.12
27.	Belvandi Sugar Farm Private Ltd., Belvandi, District Ahmednagar.	52	5.12

Order for 1962-63

Ministry of Food and Agriculture,
(Department of Food)

Notification

New Delhi, 1st November, 1962.

G.S.R. 1459/Ess.Com/Sugarcane. - In exercise of the powers conferred by clause 3 of the Sugarcane (control) Order 1955, as in force in India and as applied to the State of Pondicherry, the Central Government hereby directs that during the year 1962-63 (1st November 1962 to 31st October 1963) payment shall be made by a producer of sugar by vacuum pan process or his agent, for sugarcane delivered at the gate of any factory mentioned in column (2) of the Schedule hereto annexed, or at any purchasing centre connected by road, of a minimum price specified against that factory in column (3) thereof:

Provided that—

(a) for sugarcane delivered at any purchasing centre connected by rail the payment shall be made at thirty-two naye paise per quintal (twelve naye paise per maund) less than the aforesaid minimum price;

(b) (i) a rebate not exceeding four naye paise per quintal (one and a half-naye paise per maund) per mile, subject to a maximum may be deducted out of the aforesaid minimum price by a producer of sugar of vacuum pan process in the case of sugarcane transported by such producer by road in his own transport from the purchasing centre to the factory gate and the rebate so deducted shall be subject to a certificate issued by the Central Government or, under the direction of the Central Government, by the State Government or any officer or authority of the Central Government or State Government, as regards the actual distance of the purchasing centre concerned from the factory and the rate per mile applicable in that case on the basis of which the rebate is charged.

Explanation—For the purposes of this sub-clause, a distance of less than half a mile shall be ignored, while a distance from half a mile to one mile shall be counted as a full mile:

(ii) in cases where the distance involved is more than 12 miles, the Central Government or under the directions of the Central Government, the State Government or any other officer or authority of the Central Government or State Government, if it or he considers necessary, may increase the said maximum limit of rebate;

(c) - the Central Govt. or under the directions of the Central Govt. the State Govt. or any officer or authority of the Central Govt. or State Govt., may allow a suitable rebate in the aforesaid minimum price for any good reason other than that mentioned in clause (b); and

(d) - where the sugarcane is brought bound in bundles and weighed in bundles, the Central Govt. or, under the directions of the Central Govt., the State Govt. or any officer or authority of the Central Govt. or the State Govt. may allow a suitable rebate, on account of the weight of the binding material, in the total weight.

The Schedule

Sr.	Name of the sugar factory	Minimum sugarcane prices in Rs.	
		Per quintal	Per maund
1	2	3	4
1.	The Saswad Mali Sugar Factory Ltd., P. O. Malinagar, Dist. Sholapur.	4.98	1.860
2.	The Brihan Maharashtra Sugar Syndicate Ltd., P. O. Shreepur, Dist. Sholapur.	5.26	1.965
3.	Walchandnagar Industries Ltd., P. O. Walchandnagar, Dist. Poona.	5.39	2.010
4.	The Belapur Co. Ltd., P. O. Harigaon, Dist. Ahmednagar.	5.22	1.950
5.	The Belvandi Sugar Farm (P) Ltd., P. O. Belvandi, Dist. Ahmednagar.	5.06	1.890
6.	The Kopargaon Sahakari Sakhar Karkhana Ltd., P. O. Kolpewadi, Dist. Ahmednagar.	5.26	1.965
7.	The Kolhapur Sugar Mills Ltd., Kasba Bavda, Kolhapur, P. O. Dist. Kolhapur.	5.42	2.025
8.	The Godavari Sugar Mills Ltd., P. O. Laxmiwadi, via Kopargaon, Dist. Ahmednagar.	5.14	1.920
9	Shri Changdeo Sugar Mills Ltd., P. O. Puntamba, District North Ahmednagar.	5.14	1.920
10.	The Phaltan Sugar Works Ltd., Sakharwadi, District Satara.	5.26	1.965
11.	The Pravara Sahakari Sakhar Karkhana Ltd., Pravaranagar, Dist. Ahmednagar.	5.26	1.965
12.	The Ravalgaon Sugar Farm Ltd., P. O. Ravalgaon, District Nasik.	5.10	1.905
13.	The Godavari Sugar Mills Ltd., Sakarwadi, District Ahmednagar .	5.10	1.905
14.	Shri Chhatrapati Shivaji Sah. Sakhar Karkhana Ltd., Bhavaninagar (Sansar), Dist. Poona.	5.26	2.040
15.	The Maharashtra Sugar Mills Ltd., P.O. Tilaknagar, Dist. Ahmednagar.	5.47	2.040
16.	Shriram Sahakari Sakhar Karkhana Ltd., Phaltan, District Satara.	5.51	2.055
17.	The Rahuri Sahakari Sakhar Karkhana Ltd., Shrishivajinagar, Tal. Rahuri, Dist. Ahmednagar.	5.30	1.980
18.	Ganesh Sahakari Sakhar Karkhana Ltd., Ganeshnagar, P. O. Ranjangaon, Dist. Ahmednagar.	5.26	1.965

Sr. 1	Name of the sugar factory 2	Minimum sugarcane prices in Rs. For quintal 3	: Per maund 4
19.	The Malegaon Sahakari Sakhar Karhana, Ltd., Malegaon BK., Tal. Baramati, Dist. Poona.	5.71	2.130
20.	Ashok Sahakari Sakhar Karkhana Ltd., Ashoknagar, Karegaon Factory, Dist. Ahmednagar.	5.39	2.010
21.	The Girna Sahakari Sakhar Karkhana Ltd., Malegaon, District Nasik.	5.14	1.920
22.	The Bhogawati Sahakari Sakhar Karkhana Ltd., Parite, Dist. Kolhapur.	5.22	1.950
23.	Shri Warna Sahakari Sakhar Karkhana Ltd., Kodoli, District Kolhapur.	5.55	2.070
24.	Shetkari Sahakari Sakhar Karkhana Ltd., Sangli, District Sangli.	5.39	2.010
25.	Gangapur Sugar Mills Ltd., P. O. Raghunathnagar, Tal. Gangapur, Dist. Aurangabad.	5.06	1.890
26.	Shri Panchganga Sahakari Sakhar Karkhana Ltd., Ichalkaranji, Dist. Kolhapur.	5.30	1.980
27.	The Krishna Sahakari Sakhar Karkhana Ltd., Karad, District Satara.	5.55	2.070

APPENDIX IX

(Chapter VII)

Statement showing cane price paid by the Cooperative Sugar Factories for the crushing seasons 1960-61, 1961-62 and 1962-63.

Sr. No.	Name of the Karkhana	1960-1961			1961-1962			1962-1963		
		Cash	Compulsory Non-refund-able Deposit	Total	Cash	Compulsory Non-refund-able Deposit.	Total	Cash	Compulsory Non-refund-able Deposit.	Total
		Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs	Rs
1.	Kopargaon S. S. K. Ltd.	51·00	2·00	53·00	49·25	1·00	50·25	52·50	1·00	53·50
2.	Ashok S. S. K. Ltd.	52·00	4·50	57·00	46·50	3·50	50·00	52·50	3·50	56·00
3.	Ganesh S. S. K. Ltd.	48·37	4·00	52·37	44·00	3·50	47·50	46·50	3·50	50·00
4.	Rahuri S. S. K. Ltd.	53·56	3·44	57·00	48·00	2·00	50·00	54·00	1·00	55·00
5.	Malegaon S. S. K. Ltd.	55·55	3·45	59·00	55·00	3·00	58·00	54·00	1·00	55·00
6.	Chhatrapati Shivaji S.S.K. Ltd	53·00	4·00	57·00	49·75	1·00	50·75	52·00	1·00	53·00
7.	Shriram S. S. K. Ltd.	51·00	4·00	55·00	52·00	2·00	54·00	55·50	1·00	56·50
8.	Krishna S. S. K. Ltd.	45·00	5·00	50·00	53·00	5·00	58·00	56·00	5·00	61·00
9.	Warna S. S. K. Ltd.	53·50	5·00	58·50	43·46	5·00	48·46	54·75	5·00	59·75
10.	Panchaganga S. S. K. Ltd.	50·00	6·00	56·00	43·00	5·00	48·00	50·50	6·00	56·50
11.	Bhogawati S. S. K. Ltd.	46·00	3·00	49·00	40·74	5·00	45·74	46·00	5·00	51·00

APPENDIX IX (Contd.)

Statement showing cane price paid by the Co-operative Sugar Factories for the crushing seasons 1960-61, 1961-62 and 1962-63.

Sr. No.	Name of the Karkhana	1960-1961			1961-1962			1962-1963		
		Cash	Compulsory Non-refund-able Deposit	Total	Cash	Compulsory Non-refund-able Deposit	Total	Cash	Compulsory Non-refund-able Deposit	Total
12.	Shetkari S. S. K. Ltd.	48·00	4·00	52·00	42·75	5·00	47·75	53·50	7·50	61·00
13.	Girna S. S. K. Ltd.	44·00	2·17	46·17	42·75	5·00	47·75	42·90	5·00	47·90
14.	Someshwar S. S. K. Ltd.							50·00	3·50	53·50
15.	Doodhganga Vedgange S.S.K. Ltd							54·00	4·00	58·00
16.	Yeshwant S. S. K. Ltd.							50·00	3·50	53·50

APPENDIX X

(Chapter VII)

Statement showing the details of the machinery purchased by the Co-operative Sugar Factories in Maharashtra State.

Sr. No.	Name of the Karkhana	Make of the Plant	Name of the Country from which purchased.	Crushing capacity per day (Tons)	Date of agreement	Value (Rs. in lakhs) Imported F. O. B.	Indigenous	Total
1	2	3	4	5	6	7	8	9
1.	Pravara Sahakari Sakhar Karkhana Ltd., Dist. Ahmednagar.	Buckau Wolf	W. Germany	1400	11–11–54	59·52	Included in Col. No.7	59·52
2.	Kopargaon Sahakari Sakhar Karkhana Ltd., Dist. Ahmednagar.	BMA	W. Germany	1000	6–10–54	57·08	-do-	57·08
3.	Malegaon Sahakari Sakhar Karkhana Ltd., Dist. Poona.	GHH	W. Germany	1000	25– 9–55	52·66	-do-	52·66
4.	Rahuri Sahakari Sakhar Karkhana Ltd., Dist. Ahmednagar.	GHH	W. Germany	1000	25– 9–55	52·66	-do-	52·66
5.	Ashok Sahakari Sakhar Karkhana Ltd., Dist. Ahmednagar.	GHH	W. Germany	1000	25– 9–55	52·66	-do	52·66
6.	Shriram Sahakari Sakhar Karkhana Ltd., Dist. Satara	Buckau Wolf	W. Germany	800	23–12–55	47·17	- do-	47·17

APPENDIX X (Contd.)

Statement showing the details of the machinery purchased by the Co-operative Sugar Factories in Maharashtra State.

1	2	3	4	5	6	7	8	9
7.	Ganesh Sahakari Sakhar Karkhana Ltd. Dist. Ahmednagar.	GHH	W. Germany	1000	8– 2–56	56·66	-do-	56·66
8.	Shri Chhatrapati Shivaji Sahakari Sakhar Karkhana Ltd., Dist. Poona.	Skoda	(Old Plant purchased form Pravara S.S.K.L.)	800	22– 6–56	—	23·00	23·00
9.	Girna Sahakari Sakhar Karkhana Ltd., Dist. Nasik	BMA	W. Germany	1000	18–10–56	66·90	8·68	75·58
10.	Bhogawati Sahakari Sakhar Karkhana Ltd., Dist. Kolhapur	BMA	W. Germany	1000	18–10–56	66·90	8·68	75·58
11.	Shetkari Sahakari Sakhar Karkhana Ltd., Dist. Sangli	BMA	W. Germany	1000	18–10–56	66·90	8·68	75·58
12.	Panchganga Sahakari Sakhar Karkhana Ltd., Dist. Kolhapur.	Buckau Wolf	W. Germany	1000	17– 1–57	53·60	20·97	74·57
13.	Shri Warna Sahakari Sakhar Karkhana Ltd., Dist. Kolhapur.	-do-	W. Germany	1000	17– 1–57	53·60	20·97	74·57
14.	Krishna Sahakari Sakhar Karkhana Ltd., Dist. Satara.	Walchandnagar Industries.	India	1000	20– 5–59	—	84·00	84·00

APPENDIX X (Contd.)

Statement showing the details of the machinery purchased by the Co-operative Sugar Factories in Maharashtra State.

1	2	3	4	5	6	7	8	9
15.	Dudhganga Vedganga Sahakari Sakhar Karkhana Ltd., Dist. Kolhapur.	Walchandnagar Industries	India	1000	6–12–60	—	84·00	84·00
16.	Yeshwant Sahakari Sakhar Karkhana Ltd., Dist. Sholapur.	-do-	-do-	1000	6–12–60	—	84·00	84·00
17.	Sanjivani (Takli) Sahakari Sakhar Karkhana Ltd., Dist. Ahmednagar.	-do-	-do-	1000	26–12–60	—	84·00	84·00
18.	Someshwar Sahakari Sakhar Karkhana Ltd., Dist. Poona.	Buckau Wolf New India Engg. Works Ltd. Pimpri.	W. Germany India	1000	6–12–60	—	84·00	84·00
19.	Kumbhi-Kasari Sahakari Sakhar Karkhana Ltd., Dist. Kolhapur.	Textile Machinery Corpn., Calcutta.	-do-	1000	6–12–60	—	83·58	83·58
20.	Niphad Sahakari Sakhar Karkhana Ltd., Dist.	Buckau Wolf New India Engg. Works Ltd. Pimpri	W. Germany India	1000	4–10–61	—	84·00	84·00

APPENDIX XI

(Chapter VIII)

Acts applicable to the Co-operative Sugar Factories

(1) The Bombay Industrial Relations Act 1946 and Rules thereunder 1947; The Model Standing Govt. orders.
(2) The Industrial Disputes Act (only Chapter V).
(3) Factories Act, 1948 and the Bombay Factories Rules 1950.
(4) State Employees' Provident Fund Act 1952 and the Employees' Provident Fund Scheme 1952.
(5) The Payment of Wages Act 1936.
(6) The Workmen of wages Act 1936.
(7) The Motor Transport Workers Act 1961.
(8) The Minimum Wages Act: only for Road & Buildings (Civil Work) Deptt.
(9) The Income Tax Act & Rules thereunder.
(10) The Maharashtra Sales Tax Act.
(11) The Purchase Tax Act.
(12) The Electricity Act & The Bombay Electric Rules.
(13) The Maharashtra Co-operative Societies Act & Rules thereunder.
(14) Mercantile law.
(15) The Compulsory Recruitment Act.
(16) The Compulsory Deposit Act.
(17) The Maharashtra Irrigation Act.
(18) The Molasses Amendment Act.
(19) The Boilers' Act.
(20) The Sugar Control Act.
(21) The Weights & Measures Act.
(22) Tenancy Act.
(23) Land Revenue Code.
(24) The Land Ceiling Act.
(25) The Indian Arms Act.
(26) The Indian Insurance Companies' Act.
(27) The Central Excise Rules & Manual.

APPLICATION OF SALES TAX & INCOME TAX ACTS TO THE CO-OPERATIVE SUGAR FACTORIES

(A) The State Sales Tax Act, 1959:

In view of the applicability of the new Sales Tax Act 1959 to various purchases made by co-operative sugar factories it would be pertinent to go into certain requirements of the relevant provisions of the Act which are of particular relevance to co-operative sugar factories. From this point of view, the following points are of special importance.

(a) The factories have to get themselves registered under the Sales Tax Act; they have to obtain registration when their total turnover either of their purchases or of sales exceeds Rs. 30,000/- in any financial year.

(b) They have to take care to make purchases from registered dealers only as, otherwise they are required to pay Purchase Tax on goods or materials thus purchased. Therefore, in their own interest the factories have to maintain a list of dealers who have been registered under the Sales Tax Act, and they have to take care to accept tenders or quotations for effecting purchase from the registered dealers only.

(c) Those factories which are registered under the Bombay Sales Tax Act, 1953 are eligible for set-off of the General Tax paid them on the indigenous portion of machinery purchased in the Bombay State, under Section 11(2) (c) of the relevant Act. Such set-off will be allowable only if the purchases are made after registration. As such, the factories have to approach the Sales Tax Authorities concerned for securing the necessary set-off.

(d) Each factory have to maintain a list of goods which attract Sales Tax and which do not attract Sales Tax.

(B) The Central Sales Tax Act, 1956:

The factories have also to get themselves registered under the Central Sales Tax. If such registration is not sought, the factories would not be eligible to issue 'C' form for outside State purchases and they will be required to pay, by way of central sales tax Rs. 7% or more, as the case might be. But if the registration is secured under the Act, 'C' form can be issued for outside State purchases and they have to pay at the rate of Re. 1% only. The application for registration can be made only after effecting at least the first purchase from another State.

Sugar factories can issue 'C' forms in respect of goods purchases for use in manufacturing of sugar only.

(C) Income Tax

The following are the important provisions of the Income Tax Act which are applicable to the co-operative sugar factories.

Tax Concession.

According to Section 84 of the Income Tax Act, 1961, income tax shall not be payable by an assessee on so much of the profits or gains derived from any new industrial undertaking as do not exceed 6% per annum on the capital employed in the undertaking provided the industrial undertaking fulfils all the following conditions:—

1) It is not formed by splitting up, or reconstitution of a business in existence;
2) It is not formed by the transfer, to a new business, of a building, machinery or plant previously used for any purpose;
3) It has begun or begins to manufacture or produces articles in any part of India at any time within a period of 18 years from 1st April, 1948 or such further period as the Central Government may, by notification in the Official Gazette, specify with reference to any particular industrial undertaking; and
4) It employs ten or more workers in a manufacturing process carried on with the aid of power or employs twenty or more workers in a manufacturing process carried on without the aid of power.

Where any building, machinery or plant or any part thereof previously used for any purpose is transferred to a new business and the total value of the building, machinery or plant or part so transferred does not exceed 20% of the total value of the building, machinery or plant used in the business, then for the purpose of clause (2) above, the industrial undertaking to which the transfer has been made shall be deemed to have complied with the condition specified above and the total value of the building, machinery or plant or part so

transferred shall not be taken into account in computing the capital employed in the industrial undertaking.

i) Where the assessee is a co-operative society, this concession applies for the six assessment years (as against four assessment years for others) immediately succeeding the previous year in which the undertaking begins to manufacture or produces articles.

ii) Co-operative sugar factories which fulfil all the four conditions mentioned in para(1) above are exempted from paying income tax on so much of the profits or gains as do not exceed 6% of the capital employed in the undertaking, for a period of seven years from (and including) the year in which they commenced production.

iii) Such of those co-operative sugar factories which installed/ propose to install machinery or plant or part thereof previously used for any purpose and the value of which exceeds 20% of the total value of the building, machinery or plant used in the business are not entitled to this tax concession.

Capital Employed

According to rule 19 of the Income Tax Rules, 1962 (framed under the Income Tax Act, 1961), the capital employed in an undertaking, to which Section 84 applies shall be taken to be:—

a) In the case of assets acquired by purchase and entitled to depreciation—

i) If they have been acquired before the computation period, their written down value on the commencing date of the said period;

ii) If they have been acquired on or after the commencing date of the computation period, their average cost during the said period;

b) in the case of assets acquired by purchase and not entitled to depreciation —

i) if they have been acquired before the computation period, their actual cost to the assessee;

ii) if they have been acquired on or after the commencing date of the computation period, their average cost during the said period;

c) in the case of assets being debts due to the person carrying on the business, the nominal accounts of those debts;

d) in the case of any other assets, the value of the assets when they became assets of the business;

Provided that if any such asset has been acquired within the computation period, only the average of such value shall be taken in the same manner as average cost is to be computed.

Assessment Year

Under Section 2(9) of the Income-tax Act, assessment year is defined as the period of twelve months commencing on the 1st day of April every year.

Development Rebate

Development rebate, according to section 33 of the Income-Tax Act 1961, is allowed as a deduction in respect of the previous year

in which the plant and machinery was installed. If the plant and machinery is put to use in the immediately succeeding previous year, the deduction is allowed in respect of that previous year. This rebate is allowed in respect of new plant or machinery (other than office appliances or road transport vehicles) installed after the 31st of March, 1954 and wholly used for the purposes of business. The sum of development rebate allowable is fixed at 25% of the actual cost of the plant and machinery, in case it was installed before the 1st of April, 1961, and 20% of the actual cost, in case it was installed after the 31st March, 1961.

In the case of plant and machinery installed after the 31st December, 1957, where the total income of the assessee assessable for the assessment year relevant to the previous year in which the machinery and plant was installed (or in the immediately succeeding previous year as the case may be) is nil or is less than the full amount of the development rebate, the sum to be allowed by way of development rebate for that assessment year, shall be only such amount as is sufficeient to reduce the said total income to nil. The amount of development rebate to the extent to which it has not been allowed as stated above, shall be carried forward to the following assessment year and the development rebate to be allowed for the following assessment year shall be such amount as is sufficient to reduce the total income assessable for that assessment year to nil and the balance of the development rebate, if any, still outstanding shall be carried forward to the following assessment year and so on, so that no portion of the development rebate shall be carried forward for more than eight assessment years immediately succeeding the assessment year relevant to the previous year in which the plant or machinery was installed or the immediately succeeding previous year as the case may be.

According to the provisions of the Act, when for any assessment year, development rebate is to be allowed in accordance with the provisions of sub-section (2) of Section 33 in respect of plant and machinery installed in more than one previous year, and the total income of the assessee assessable for that assessment year is less than the aggregate of the amounts due to be allowed in respect of the assets for that assessment year, the following procedure has to be followed:-

i) the allowance under clause (ii) of sub-section (2) shall be made before any allowance under clause (i) of that sub-section is made; viz. effect will first be given to the carry-forward development-rebate; and

ii) where an allowance has to be made under clause (ii) of sub-section (2) in respect of amount carried forward from more than one assessment year, the amount carried forward from an earlier assessment year shall be allowed before any amount carried forward from a latter assessment year.

A deduction of development rebate is allowed only if the prescribed particulars have been furnished in respect of all the plant and machinery and if an amount equal to 75% of the development rebate to be actually allowed is debited to the profit and loss account of the relevant previous year and credited to the Reserve Account to be utilised by the assessee during a period of 8 years next following for the purposes of business of the undertaking other than for distribution by way of dividend or profits or for remittances outside India. If any plant or machinery is sold or otherwise transferred by the assessee, to any person, at any time, before the expiry of 8 years

from the end of the previous year in which it was acquired or installed, any allowance made under the Act in respect of the machinery or plant has to be deemed to have been wrongly made for the purposes of this Act and action for the rectification of the mistake under section 155(5) would accordingly be taken. This provision is, however, not applicable to the plant and machinery installed before the first day of January, 1958 or sold or otherwise transferred by the assessee to the Government, a local authority, a corporation established by a Central or State Act or a Government Company or to the plant and machinery sold or transferred in connection with the amalgamation or succession.

Depreciation

According to Section 32 of the Income Tax Act 1961 the following deductions shall be allowed, subject to the provisions of Section 34, in respect of depreciation on buildings, machinery, plant or furniture owned by the assessee and used for the purpose of the business:

i) in the case of building, machinery, plant or furniture, such percentage on the written down value (or actual cost) thereof as may in any case or class of cases be prescribed;

ii) in the case of any building, machinery, plant or furniture which is sold, discarded, demolished or destroyed in the previous year (other than the previous year in which it is first brought into use) the amount by which the moneys payable in respect of such building, machinery, plant or furniture, together with the amount of scrap value, if any, fall short of the written down value thereof; provided that such deficiency is actually written off in the books of the assessee.

APPENDIX XII

(Chapter IX)

The Maharashtra Rajya Sahakari Sakhar Karkhana Sangh Ltd.

The Federation of Co-operative sugar factories was registered on 11th Feburary, 1956. Its jurisdiction extends over the entire Maharashtra State and the membership is open to all co-operative sugar factories in the State. All co-operative sugar factories in Maharashtra State are members of this Federation. This Federation is affiliated to the 'National Federation of Co-operative Sugar Factories', Delhi. The objects of the Maharashtra Rajya Sakhakari Sakhar Karkhana Sangh Limited (the State Federation) are as follows :—

(i) To advise and help in the promotion and organisation of co-operative sugar factories of Cultivators of sugarcane in the State.

(ii) To advise or render technical and other assistance in the selection and purchase of machinery, spares, tools and other equipment, appointment of higher and technical staff and in the matter of cultivation and transport of sugarcane and location of factory site.

(iii) To undertake or arrange to purchase in bulk on indent basis or otherwise, chemicals, gunny bags, fuel and any other requirements of the karkhanas and to arrange for the sale of sugar or its products.

(iv) To supervise the working of the factories and generally advise regarding their work.

(v) To undertake or arrange for the bulk utilization of by-products of Member karkhanas.

(vi) To help member karkhanas to procure financial accommodation from Government, the Industrial Finance Corporation, the State or Central Co-operative Banks or from any other financing agency.

(vii) To represent karkhanas and at organisations (permanent or adhoc) and to present on their behalf their views to Government or any other institution.

(viii) To provide servicing and workshop and other facilities for spares and parts required by the karkhanas.

(ix) To undertake publication of and to supply market and other information relating to sugar Industry.

(x) To conduct research in problems of various kinds affecting or arising out of working of member karkhanas and/or their producer members.

(xi) To advise member karkhanas regarding methods of sugarcane cultivation and to conduct research in it.

(xii) To generally take up such other activities as are conducive and incidental to the efficient working of the member-karkhanas in order to secure the above objectives and to further the common interests of member karkhanas.

(xiii) To arrange for supply of stationery, books, forms, furnitures etc. required by the affiliated factories on indent basis without incurring any liability for losses in those operations.

The funds of the Sangh are to be raised as follows:

1) Entrance fee from members.

2) Annual subscription and contributions for specific purpose.

3) Issuing shares for specific purposes.

4) Contributions from Government or other agencies.

5) Donations.

6) Commission earned on supplies or sales.

7) Loans not exceeding a limit determined in the meeting of the Sangh.

Actually so far the funds are raised mainly by means of

1) entrance fees from member karkhanas, and

2) annual subscriptions from members and contributions for specific purposes. Annual subscription from the members is fixed every year in the General Meeting of the Sangh. For the last three years the rate of subscription was 7nP. per metric ton of sugarcane crushed in respect of the factories under production and Rs. 500/- only from the factories which were under erection.

The subsidy was given by Government to the Sangh for maintenance of export technical staff for giving advice to all co-operative sugar factories initially for a period of 3 years beginning from 1955-56, payable in 1956-57 at the rate of 50% of the emoluments paid to the consulting engineer, subject to a ceiling of Rs. 500/- per month for a full time employee and Rs. 250/- per month for a part time one.

Subsequently, Government extended the subsidy for a further period of 2 years.

The Sangh had appointed one consulting engineer. The above subsidy was used for making payment to him.

The Committee of Management of the Sangh Consists of the following:-

1. Chairman of the Sangh — Ex-Officio, (Chairman of the Sangh is always elected in its annual general meeting.)
2. One representative of each member karkhana nominated by the Board of Directors of each member karkhana from among those elected by the general body to attend the general meeting of the Federation.
3. One nominee of the Government. The Joint Registrar (Sugar) is still working as Government Nominee on the Committee of Management of the Sangh.
4. One nominee of the State Co-operative Bank.
5. Registrar of Co-operative Societies.
6. A nominee of the Industrial Finance Corporation.
7. Not more than two experts to be coopted by the Committee.

The Sangh has built up an organisation for procuring for its member karkhanas certain scarce supplies such as important spare parts and other important stores. The Sangh is already running a common spare parts store. It mainly helps the karkhanas for securing import licences for important commodities which are required to be imported from foreign countries. There are several fields through which the Sangh can be of more assistance to its constituents: ren-

dering advice on matters of Income-tax, evolving methods of improving cane yield and initiating cane development schemes, improving the technical efficiency of factories in order to step up sugar recovery, reducing extra fuel consumption, standardising staff requirements having regard to various circumstances of individual factories. helping karkhanas in getting good qualified staff, collecting statistical data of sugar industry that would be useful to the member karkhanas, collecting experience gained by karkhanas from the economic point of view and so on. The Sangh can also take up the general question of bringing uniformity of procedure among the member karkhanas, coordinating their activities by framing rules for purchases and use of guest-house, a code of conduct for the directors so as to have smooth relations between the heads of departments, managing directors etc.

APPENDIX XIII

(Chapter IX)

The National Federation of Co-operative Sugar Factories

The National Federation of Co-operative Sugar Factories was registered at Delhi on 2 December 1960. Its objects are to coordinate and facilitate the working of affiliated co-operative sugar factories and zonal federations and to assist in the promotion and organisation of the new co-operative sugar factories. The present membership is 26 including one State Federation. The importance of the National Federation would very well be brought out by the significance of the co-operative sector in the field of sugar industry. By 1962 there were 34 co-operative sugar factories in production as against the total number of 79 inclusive of the private sugar factories. 23 co-operatives have yet to come into production as against the total number of 28. 57 co-operative sugar factories have been granted licences as against 207 inclusive of private concerns.

The secretariat of the National Federation consists of a full-time secretary, two technical officers, viz. an engineer and a sugar technologist and a skeleton ministerial staff. The National Fedaration has a Board of Directors and an Executive Committee. On the Board of Directors, during 1961-62, there were 23 members composed of 13 elected members, 5 nominees, 3 co-opted members and 2 invitees. The Executive Committee consists of 12 members (6 elected, 4 nominees and 2 invitees). The General Body of members met twice during 1960-62. During the period 1960-62 two Sub-Committees were formed: (1) to represent Federation's views to Government on Sugar (Regulation of production) Rules, 1961 and (2) to select a sugar engineer and a sugar technologist for the National Federation itself. Both the Sub-Committees fulfilled their objects.

The programme of activities chalked out by the Federation during 1960-62 was as follows:-

(i) Assistance to the co-operative sugar factories in procurement of bulk stores;

(ii) Collection and maintenance of statistical data relating to the working of co-operative sugar factories;

(iii) Providing technical advice to the member factories;

and

(iv) Liaison work on behalf of the co-operative sugar factories with Government and other institutions.

The secretary of the Federation visited the member factories in Maharashtra, Mysore, Andhra Pradesh, Punjab and Madras and advised them on their problems. The Federation's sugar technologist also visited some factories. Arrangements were made by the Federation for the training of the factory technicians in the statistical quality controls at Poona and for training in technology at the National Sugar Institute. The Federation has also assisted the member factories in the selection of their staff. There is a proposal before the Federation to start a sugar technological institute in south. It is likely to obtain support from the Mysore State as well as the Government of India. The National Federation made efforts for the allocation to the member factories of the quotas of coal, coke, iron and steel. The member factories willingly supplied statistical data to the National Federation.

The National Federation executed liaison work in the grant of eligibility certificates, in obtaining import licences, in securing the extension of time-limit for the execution of expansion programmes, in processing the loan applications to the Industrial Finance Corporation, in obtaining timely release of sugar, in securing the supply of scarce commodities like cement, iron and steel, spares etc. The National Federation also strove for obtaining export quota for the member factories. The National Federation has been accorded representation on the relevant bodies of the Government of India. It organised a seminar of the co-operative sugar factories and federations to discuss the problems of the co-operative sugar industry. It has issued material for the benefit of its members. The National Federation proposes to undertake more significant activities in future.

APPENDIX XIV

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by cooperative sugar factories in Maharashtra State, from the season 1955-56 onwards.

Sr. No.	Name of the Coop. Sugar Factory.	Total sugarcane crushed (Tons.)	Total sugar produced (Bags)	Average Recovery.	Total Acreage of sugarcane crushed.	Average yield per acre (Tons)	Remarks
1	2	3	4	5	6	7	8
1.	Pravara Sahakari Sakhar Karkhana Ltd., Pravaranagar, District Ahmednagar.						
	Season :— 1955-56	1,36,811	1,37,828	10·00%	3152	43·69	
	1956-57	1,74,990	1,96,600	11·05%	4131	42·36	
	1957-58	2,08,091	2,20,702	10·67%	4857	42·84	
	1958-59	1,59,728	1,79,774	11·30%	4531	35·25	
	1959-60	2,08,701	2,33,797	11·31%	4864	42·98	
	1960-61	2,12,587	2,46,377	11·60%	5194	40·90	
	1961-62	2,15,543	2,54,059	11·73%	5534	38·95	
	1962-63	2,14,930	2,49,293	11·60%	4691	45·81	
2.	Kopargaon Sahakari Sakhar Karkhana Ltd., Kolpewadi, District Ahmednagar.						
	Season :— 1955-56	52,234	51,392	10·01%	1430	36·40	
	1956-57	1,52,588	1,70,240	11·28%	3314	45·98	
	1957-58	1,77,101	2,01,301	11·37%	3520	47·00	
	1958-59	1,63,010	1,83,350	11·33%	3522	46·16	
	1959-60	1,65,270	1,92,650	11·77%	3522	45·56	
	1960-61	2,08,806	2,41,914	11·58%	3680	48·82	
	1961-62	1,98,169	2,32,140	11·73%	3723	47·42	
	1962-63	1,97,242	2,34,213	11·87%	4072	48·40	

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by cooperative sugar factories in Maharashtra State, from the season 1955-56 onwards.

Sr. No.	Name of the Coop. Sugar Factory.	Total sugarcane crushed (Tons.)	Total sugar produced (Bags)	Average Recovery.	Total Acreage of sugarcane crushed.	Average yield per acre (Tons)	Remarks
1	2	3	4	5	6	7	8
3.	Shri Chhatrapati Shivaji Sahakari Sakhar Karkhana Ltd. Sansar, Dist. Poona.						
	Season :— 1956-57	37,077	44,138	12·03%	692	44·88	
	1957-58	96,770	1,10,001	11·51%	1726	48·62	
	1958-59	89,788	1,01,748	11·45%	1890	47·50	
	1959-60	98,573	1,15,338	11·83%	2075	46·84	
	1960-61	1,33,986	1,57,398	11·76%	2243	51·54	
	1961-62	1,17,511	1,39,314	11·80%	2350	50·00	
	1962-63	1,22,718	1,37,519	11·13%	2358	52·93	
4.	Shriram Sahakari Sakhar Karkhana Ltd., Phaltan, District Satara.						
	Season :— 1957-58	1,01,934	1,20,903	12·00%	2161	47·00	
	1958-59	1,15,391	1,37,823	12·07%	2800	40·14	
	1959-60	1,28,912	1,55,843	12·21%	3096	41·29	
	1960-61	1,59,398	1,87,925	12·09%	3478	42·67	
	1961-62	1,49,016	1,85,570	12·44%	3713	40·12	
	1962-63	1,57,134	1,96,170	12·48%	3698	41·92	

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by cooperative sugar factories in Maharashtra State, from the season 1955-56 onwards.

Sr. No.	Name of the Coop. Sugar Factory.		Total sugarcane crushed (Tons.)	Total sugar produced (Bags)	Average Recovery	Total Acreage of sugarcane crushed.	Average yield per acre (Tons)	Remarks
1	2		3	4	5	6	7	8
5.	Malegaon Sahakari Sakhar Karkhana Ltd., Malegaon BK, District Poona.							
	Season :—	1957-58	1,05,071	1,17,962	11·63%	2240	46·90	
		1958-59	1,28,275	1,57,761	12·43%	2855	45·60	
		1959-60	1,35,192	1,66,845	12·46%	2975	45·40	
		1960-61	1,67,007	1,10,171	12·59%	3548	47·07	
		1961-62	1,66,461	2,13,205	12·82%	3638	45·76	
		1962-63	1,80,861	2,17,202	12·00%	3534	50·89	
6.	Rahuri Sahakari Sakhar Karkhana Ltd., Rahuri, District Ahmednagar.							
	Season :—	1957-58	1,25,594	1,27,049	10·20%	4000	42·15	
		1958-59	1,23,158	1,46,354	11·76%	4500	34·61	
		1959-60	1,36,171	1,86,564	12·00%	4800	41·19	
		1960-61	1,97,057	2,24,835	11·70%	4877	40·00	
		1961-62	1,80,571	2,14,027	11·85%	4430	40·76	
		1962-63	1,74,650	2,10,201	11·85%	4260	41·45	

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by co-operative sugar factories in Maharashtra State, from the season 1955–56 onwards.

2	3	4	5	6	7	8
. Ganesh Sahakari Sakhar Karkhana Ltd., Ganeshnagar, District Ahmednagar.						
Season :— 1957-58	1,06,442	1,07,565	10·26%	3206	33·02	
1958-59	1,18,951	1,39,128	11·61%	4320	27·50	
1959-60	1,37,167	1,57,400	11·58%	3989	34·04	
1960-61	1,85,724	2,15,001	11·57%	5537	33·50	
1961-62	1,96,298	2,30,705	11·77%	5855	38·50	
1962-63	1,77,042	2,12,485	11·97%	3952	44·88	
. Ashok Sahakari Sakhar Karkhana Ltd., Ashoknagar, District Ahmednagar.						
Season :— 1957-58	96,406	91,646	9·63%	2564	37·60	
1958-59	96,111	1,08,735	11·25%	3079	31·30	
1959-60	1,42,931	1,70,249	12·04%	3777	37·83	
1960-61	1,88,253	2,25,531	11·99%	4697	40·08	
1961-62	1,84,548	2,20,231	11·91%	4971	37·12	
1962-63	1,86,931	2,34,051	12·58%	4501	41·51	
. Girna Sahakari Sakhar Karkhana Ltd., Malegaon, District Nasik.						
Season :— 1958-59	71,881	68,665	9·74%	2759	21·40	
1959-60	1,17,268	1,24,923	10·80%	4000	25·50	
1960-61	1,45,897	1,55,322	10·94%	4064	22·00	
1961-62	1,13,019	1,68,640	11·65%	2961	28·20	
1962-63	1,13,019	1,33,781	11·83%	2690	32·68	

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by co-operative sugar factories in Maharashtra State, from the season 1955-56 onwards.

1	2	3	4	5	6	7	8
10. Shetkari Sahakari Sakhar Karkhana Ltd., Sangli, District Sangli.							
Season :—	1958-59	49,177	51,801	10·73%	2104	24·20	
	1959-60	45,515	87,405	11·69%	2807	27·33	
	1960-61	1,64,524	1,86,925	11·64%	3871	30·00	
	1961-62	1,52,032	1,86,271	12·27%	5816	12·27	
	1962-63	1,62,694	2,17,700	13·38%	4813	33·00	
11. Bhogawati Sahakari Sakhar Karkhana Ltd., Parite, District Kolhapur.							
Season :—	1958-59	16,218	18,813	12·18%	640	25·00	
	1959-60	93,939	1,00,776	10·84%	3820	25·00	
	1960-61	1,52,132	1,68,855	11·06%	4500	35·00	
	1961-62	1,15,415	1,37,346	11·92%	4607	25·00	
	1962-63	1,44,622	1,74,630	12·07%	4391	33·13	
12. Panchganga Sahakari Sakhar Karkhana Ltd., Ichalkaranji, District Kolhapur.							
Season :—	1958-59	4,803	3,430	9·10%	228	21·70	
	1959-60	85,061	1,01,100	11·96%	3230	26·50	
	1960-61	1,59,012	1,83,476	11·66%	5180	30·68	
	1961-62	1,42,497	1,73,132	12·10%	5117	27·27	
	1962-63	1,85,114	2,24,446	12·12%	5717	32·00	

Statement showing sugarcane crushed, sugar bags produced, average recovery obtained, by co-operative sugar factories in Maharashtra State, from the season 1955–56 onwards.

1	2	3	4	5	6	7	8
13. Warna Sahakari Sakhar Karkhana Ltd., Kodoli, District Kolhapur.							
Season :—	1959-60	67,167	82,343	12·72%	2669	24·90	
	1960-61	1,37,405	1,70,771	12·55%	4579	30·91	
	1961-62	1,33,125	1,68,888	12·69%	4549	29·25	
	1962-63	1,34,973	1,83,284	13·58%	3222	30·91	
14. Krishna Sahakari Sakhar Karkhana Ltd., Rethare BK, District Satara.							
Season :—	1960-61	34,379	33,271	9·76%	1300	26·00	
	1961-62	1,32,278	1,68,643	12·77%	6610	20·13	
	1962-63	1,51,499	2,02,173	13·34%	5299	30·00	

APPENDIX XV

Progress of the Co-operative Sector in the Sugar Industry

Season	No. of factories working			Sugar Production (lakh tons)			Percentage Production of co-operative factories to total production
	Coop.	Private	Total	Coop.	Private	Total	
1955-56	3	140	143	0·26	18·36	18·62	1·40
1956-57	8	139	147	0·58	19·71	20·29	2·86
1957-58	14	144	158	1·50	18·28	19·78	7·56
1958-59	21	143	164	1·72	17·40	19·19	9·32
1959-60	25	143	168	2·92	21·30	24·50	11·80
1960-61	30	144	174	4·42	25·39	29·91	14·82
1961-62	34	145	179	4·70	21·88	26·58	17·68

APPENDIX XVI

Growth of the Co-operative Sugar Industry in India

Particulars	1950-51	51-52	52-53	53-54	54-55	55-56	56-57	57-58	58-59	59-60	60-61	61–62
1. No. of units licensed.	2	2	2	2	17	32	40	40	40	41	56	57
2. Capacity (tons).	530	1130	1130	1050	15700	31250	39500	39500	39500	39500	55500	56500
3. No. of units in production.	2	2	2	2	2	3	8	14	20	25	30	34
4. Capacity of units in production (tons.)	530	1130	1130	1050	1050	3050	7900	13700	19700	23850	28900	32400
5. Cane crushed ('000 tons).	40·59	75·09	75·51	114·22	159·69	260·22	558·16	1445·93	1610·68	2701·89	4161·35	4289·82
6. Actual production of sugar ('000 tons)	4·534	7·969	8·272	12·35	16·817	26·155	58·16	149·61	171·833	292·14	442·89	469·21

APPENDIX XVII

State-Wise Distribution of the Sugar Factories

Sr. No.	State	No. of Sugar Factories in production in 1936*	No. of Sugar Factories in production in 1961-1962.			Factories licensed and yet to go into production.			No. likely to be in production in 1965-66		
			Co-operative.	Joint Stock	Total	Co-operative.	Joint Stock	Total	Co-operative.	Joint Stock	Total
1.	Punjab	2	3	3	6	3	Nil	3	6	3	9
2.	Uttar Pradesh	52	3	69	72	1	Nil	1	4	69	73
3.	Bihar	26	Nil	28	28	1	Nil	1	1	28	29
4.	West Bengal	1	Nil	2	2	Nil	Nil	Nil	—	2	2
5.	Assam	Nil	1	Nil	1	Nil	Nill	Nil	1	—	1
6.	Gujarat	Nil	3	Nil	3	Nil	Nil	Nil	3	—	3
7.	Orissa	Nil	Nil	1	1	1	Nil	1	1	1	2
8.	Rajasthan	Nil	Nil	2	2	Nil	Nil	Nil	—	2	2
9.	Madhya Pradesh	2	Nil	5	5	Nil	Nil	Nil	—	5	5
	Total for North India	83	10	110	120	6	—	6	16	110	126
0.	Andhra	1	4	10	14	5	Nil	5	9	10	19
1.	Madras (including Pondicherry)	1	3	6	9	3	5	8	6	Nil	17
2.	Mysore	2	3	5	8	1	Nil	1	4	5	9
3.	Kerala	Nil	Nil	1	1	2	Nil	2	2	1	3
4.	Maharashtra	10	14	13	27	6	Nil	6	20	13	33
	Total for South India	14	24	35	59	17	5	22	41	40	81
	All India Total	97	34	145	179	23	5	28	57	150	207

NOTE :—The particulars have been taken from the Report of the Wage Board on Sugar Industry.